DOCUMENT RESUME

ED 141 495 CE 010 516

AUTHOR Blaustein, Saul J.; Craig, Isabel
TITLE An International Review of Unemployment Insurance Schemes.
INSTITUTION Upjohn (W.E.) Inst. for Employment Research, Kalamazoo, Mich.
PUB DATE Jan 77
NOTE 279p.

EDRS PRICE MF-$0.83 HC-$15.39 Plus Postage.
DESCRIPTORS Comparative Analysis; Cross Cultural Studies; *Developed Nations; Employment Programs; Financial Support; *Insurance Programs; Labor Market; National Surveys; Program Administration; *Program Descriptions; Social Services; *Unemployment Insurance

ABSTRACT

Fifteenth in a series designed to provide a broad review of unemployment insurance and related issues, this study describes existing unemployment insurance programs, as they applied in 1975, in 22 selected countries, with particular emphasis on programs in the industrialized nations of Western Europe, North America, and Japan, as well as on those in several less developed nations. The report emphasizes the systems in the United States and Canada as bases for comparison. Following an introductory chaper, which discusses the scope of the report, Chapter II describes the various types of unemployment benefit schemes in use and classifies countries by type. Coverage, eligibility, and benefit provisions are discussed in the next four chapters, and the treatment of special categories of unemployed workers in chapter VII. Financing and administrative arrangements are taken up in chapters VIII and IX. Chapter X discusses various measures used to promote reemployment and to improve the functioning of the labor market. Tables appear throughout the report, and a bibliography is included. An appendix contains summaries of the unemployment insurance programs in each of 10 countries. Another appendix describes activities of the International Labor Organization and the International Social Security Association in the field of unemployment insurance. (Author/LMS)

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AN INTERNATIONAL REVIEW OF UNEMPLOYMENT INSURANCE SCHEMES

By

SAUL J. BLAUSTEIN

and

ISABEL CRAIG

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Offices

300 South Westnedge Ave.
Kalamazoo, Michigan 49007

1140 Connecticut Ave., N.W.
Washington, D.C. 20036

This report is for sale by the Kalamazoo office at $4.00 per copy. For quantity orders of this publication or any combination of Institute publications, price reductions are as follows: 10-25 copies, 10 percent; 26-50, 15; 51-100, 20; over 100, 25.

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FOREWORD

This report is the fifteenth in a series of studies initiated by the Institute as part of a broad review of unemployment insurance and related issues in income maintenance and manpower policy. Studies published thus far are listed on the inside front cover of this report. The scope of the review is described in the second report on that list, *Unemployment Insurance Objectives and Issues: An Agenda for Research and Evaluation,* by Saul J. Blaustein. Mr. Blaustein, a member of the Institute staff, has directed the review project with the assistance of an advisory committee composed of distinguished authorities in the fields of social insurance, manpower and employment, and welfare. Members of the committee are listed on the facing page.

The Institute is pleased to publish this report because it serves to broaden our perspective of unemployment insurance. At a time when international interdependence is growing more evident and when most industrial nations are facing increasingly severe problems of unemployment, it is especially appropriate to consider how these nations approach such problems. We tend too often to neglect what goes on beyond our national borders. This multinational review of unemployment insurance offers an opportunity to enlarge our reservoir of ideas and to spur our curiosity, which has too long remained idle about such matters.

Facts and observations expressed in the report are the sole responsibility of the authors. Their viewpoints do not necessarily represent positions of the W. E. Upjohn Institute for Employment Research.

Samuel V. Bennett
Director

Kalamazoo, Michigan
December 1976

7

THE AUTHORS

Saul J. Blaustein obtained his B.S. degree in social science at the City College, New York, in 1948. In subsequent years he studied graduate economics at the University of California in Los Angeles and at George Washington University. He was employed in the U.S. Department of Labor from 1951 to 1967, first with the Bureau of Labor Statistics, where he worked on price index and cost-of-living research. In 1955 he joined the staff of the Unemployment Insurance Service of the former Bureau of Employment Security, where he specialized in unemployment insurance research and in program policy development and evaluation. He came to the Upjohn Institute in its Washington office in 1967, and in 1975 he moved to the Institute's office in Kalamazoo, Michigan.

Mr. Blaustein has developed and directed the Institute's current series of studies in unemployment insurance, which includes this report, and he has chaired the Unemployment Insurance Research Advisory Committee as part of that effort. He has written many articles and monographs on unemployment insurance and has consulted and lectured extensively in this field.

Isabel Craig, a native of Canada, earned a B.A. degree with honors in English and history in 1927 and an M.A. degree in history in 1937, both from McGill University. She joined the staff of the International Labor Office when it temporarily had its headquarters in Montreal during World War II. She moved to Geneva, Switzerland, when the Office returned to Europe in 1948.

As a staff member of the Social Security Division of the International Labor Office, Miss Craig participated in the organization's research, standard setting activities, and technical assistance programs. On her retirement from the Office in 1969, she returned to Canada and subsequently served as a consultant on several occasions to two federal departments of the Canadian government in matters relating to social security standards.

PREFACE

The essential purpose of this study is to describe existing unemployment insurance programs in various countries throughout the world, with particular emphasis on programs in the industrialized nations. In undertaking this task we were mindful of the problems to be faced in obtaining the necessary information. The sources are varied and often quite uneven with regard to the extent to which national unemployment insurance schemes are explained and the manner in which the material is treated. information about a scheme in one country may be relatively limited when compared to that available for another; such unevenness is reflected in this report. At times we found factual inconsistencies among the sources regarding certain details. Some of the problems with the information available arise from translation difficulties, from a lack of standard usage of terminology, and from a lack of a common understanding of concepts. Differences in interpretations of particular program provisions are inevitable under these circumstances. By and large, our report portrays these provisions as they applied during 1975. Because of frequent statutory changes, it was difficult to ensure in all cases that the provisions described were in effect during 1975. Where feasible, we tried to clarify important points about which we were uncertain directly with the countries concerned, but this was not always practical or even possible.

Despite these problems, we believe that this report reasonably represents the various programs available in the mid-1970's to provide income support to jobless workers through the unemployment insurance approach. It is our hope that readers will find it possible to make useful comparisons among countries with respect to various aspects of unemployment insurance. The study emphasizes the system in the United States as the basis for such comparisons; because Canada is a close neighbor and shares with the United States certain experience relevant to unemployment problems, the Canadian program is given greater prominence than are schemes in other countries.

This report concentrates on describing the provisions of unemployment insurance schemes and not the experience with the application of those provisions. The study is not intended to be analytical and does not deal with the reasons for the particular differences among national programs or with the implications of those differences. An analysis and comparison of rationales and experience in unemployment insurance in

different countries would constitute an appropriate sequel to this study, but it would be an altogether different kind of study. It is therefore not possible to indicate from the material in this report whether a particular type of provision is successful or even of any significant value; what exists on paper may look very different when examined in practice. Nevertheless, the provisions described reflect the legislative policies adopted for dealing with the problems of unemployment in different countries and thus provide potential food for thought about similar problems in the United States, and elsewhere, in directions that might not normally be considered or explored.

The bibliography at the end of this report includes the principal published sources of information we have used. We assigned the highest authority to material, where it was available to us, supplied directly by the countries included in the study. Next in order of authority was information obtained from the International Labor Office in Geneva, Switzerland, or from its publications, since that body maintains a continuous and comprehensive effort to keep track of all social security programs, including unemployment insurance. Reports issued by the International Social Security Association were also valuable sources of information. In addition, we made use of the 1975 edition of *Social Security Throughout the World,* published by the Social Security Administration of the Department of Health, Education, and Welfare.

We are indebted to many individuals and organizations who furnished invaluable advice and assistance throughout the course of this project. Prominent among them are members of the Upjohn Institute's Unemployment Insurance Research Advisory Committee (listed on p. iv) who reviewed the original plans for the study and later the draft of the report; their comments and suggestions contributed much to the nature and quality of this study. We owe special thanks to staff members of the Social Security Division of the International Labor Office for their help and advice, as well as to members of the secretariat of the International Social Security Association for their aid and for making available material from the Association's documentation center in Geneva. We are also grateful to the Comparative Studies staff of the U.S. Social Security Administration for their helpful review of the draft report; to the Unemployment Insurance Service staff of the U.S. Department of Labor for assistance concerning unemployment insurance provisions in the United States; and to officials and staff of the Canadian Unemployment Insurance Commission and of the Federal Employment Institution of Germany (F.R.) for their help with our description of the programs in

these countries. There were many other officials of various embassies in Ottawa and Washington, D.C., who were very generous in helping us to obtain recent information and clarification of critical and uncertain points about the schemes in their respective countries and to whom our thanks are due. Finally, we must acknowledge the magnificent cooperation of members of the Upjohn Institute staff; for their editorial assistance, their secretarial support, and their patience through many drafts and the preparation of the final product, we express our sincere gratitude.

Saul J. Blaustein
Kalamazoo, Michigan
and
Isabel Craig
Ottawa, Canada

November 1976

CONTENTS

Foreword v

Preface vii

I. Introduction 1
- Sources of Income Support 2
- Types of Unemployment 7
- Trends in Unemployment 10
- Scope of Report 10

II. Type of System 15
- Early Developments 15
- Variety of Approaches 16
- Partial Unemployment 23
- Supplementary Unemployment Benefit Schemes 24

III. Coverage 26
- Coverage Exclusions 26
- Minimum International Labor Organization Standards 36

IV. Qualifying Requirements and Eligibility Conditions 37
- Qualifying Requirements for Insured Status 37
- Other Eligibility Conditions 39
  - Ability to Work and Availability for Work 44
  - Suitable Work and Refusal of Job Offers or Training 46
  - Job Separation Issues: Quits and Discharges 49
  - Labor Disputes 51
  - Receipt of Income During Unemployment 52
- Eligibility Determination and Appeals Procedure 53

V. The Benefit Amount 56
- Basic Benefit Rates 57
- Dependents' Supplements 64
- Minimum International Labor Organization Standards 66
- Benefit Amounts and Wage Levels 67
- Benefits for Partial Unemployment 70

VI. The Duration of Benefits 73
Waiting Period 73
Duration Limits 75
Minimum International Labor Organization Standards 84

VII. Workers Subject to Special Treatment 85
Seasonal Workers 85
Women Workers 89
Young Workers 91
Older Workers 92
Migrant Workers 94

VIII. Financing of Unemployment Benefit Programs 98
Sources of Revenue 98
Rates of Contribution 101
Distribution of Financial Burden 104
Financing of Special Schemes 110
International Labor Organization Standard 110
Financing Costs of Administration and Reemployment Aid 111
Benefit Reserve Funds 112

IX. Administration of the Program and Coordination With Other Programs 116
Administrative Structure 116
Operating Procedures 118
Collection of Contributions 126
Coordination With Employment Service 127
Coordination With Other Social Security Programs 129
Temporary Incapacity and Unemployment Insurance 130
Old-Age Pensions and Unemployment Insurance 133
Other Programs and Unemployment Insurance 133

X. Promoting Employment of the Unemployed 135
Public Employment Services 135
The Labor Exchange Function 135
Other Functions 137
Special Programs 138
International Labor Organization Standards 139
Implementation of Manpower Policy 140
Special Measures to Enhance Labor Mobility 142
Training Programs and Occupational Mobility 142
Geographic Mobility 144

Appendix A. Unemployment Insurance Schemes in Ten Selected Countries 147
Austria 149
Belgium 156
Canada 165
France 176
Germany, Federal Republic 190
Japan 200
The Netherlands 208
Norway 217
United Kingdom 224
United States 236

Appendix B. International Promotion of Unemployment Insurance Programs 255
International Labor Organization 255
International Social Security Association 262

Bibliography 265

TABLES

1 All Social Benefits as a Percent of Gross National Product and Percent Distribution, by Type of Benefit, in Eight European Countries, 1972, With Projections for 1975; Canada, 1972-73; and the United States, 1974 4

2 Annual Average Rates of Unemployment in Sixteen Countries With Unemployment Insurance Programs, 1966-75 11

3 Unemployment Benefit Programs in Thirty-six Countries 20

4 Scope of Unemployment Insurance Coverage in Twenty-two Selected Countries, 1975 27

5 Qualifying Requirements for Unemployment Insurance Benefits in Twenty-two Selected Countries, 1975 40

6 Unemployment Insurance Benefit Amount Provisions in Twenty-two Selected Countries, 1975 58

7 Estimated Weekly Benefit Amount Payable to Hypothetical Unemployed Worker and Percentage of Hi[illegible]Wage Loss Compensated in Nine Countries and Nine Selected States of the United States, 1975 68

8 Standard Duration of Unemployment Insurance Benefits and Related Provisions in Twenty-two Selected Countries, 1975 77

9 Unemployment Insurance Contribution Rates for Employee and Employer and Government Financing in Nineteen Selected Countries, 1975 105

10 Administrative Structure of Unemployment Insurance in Twenty-two Selected Countries, 1975 119

I. INTRODUCTION

Unemployment insurance (UI) exists to alleviate hardship experienced by workers during periods of unemployment. It does so by paying cash benefits to the insured unemployed, providing them with some substitute income for earnings lost due to the termination or interruption of their employment. UI programs are usually associated or integrated with other forms of aid designed to promote the reemployment of jobless workers. Financing of program costs is shared by one or more of the following: workers covered by the program, their employers, and the government.

UI is a form of social insurance which operates on the basis of certain concepts and principles. A significant concept is that the particular risk or contingency (wage loss caused by unemployment) against which the insured workers are being protected would in most cases be too great for individuals to bear alone, but that the contingency is not likely to occur so frequently or to affect so many workers as to make the total cost of compensating the loss unduly burdensome when spread among all those insured or among all those responsible for financing the costs. In order to assure a broad enough base for effective pooling of the costs, participation in the insurance program is usually made compulsory by law for those designated for protection. Another significant concept is that the insurance benefits are paid as a matter of right established by the fulfillment of prescribed qualifying conditions, as contrasted with payment made on the basis of a demonstrated need of the individual for such support. The latter approach is characteristic of a social or public assistance program.

This study focuses mainly on those unemployment benefit programs which emphasize the social insurance approach. For needy unemployed workers who are not protected by UI or whose UI benefits are insufficient to supply a specified minimum level of support in individual situations or who have exhausted their UI benefit rights, most countries provide cash support through public assistance. A few countries rely entirely on an assistance approach.

The general concepts and principles of social insurance are not adhered to strictly in all countries with UI programs. Deviations occur to one degree or another almost everywhere, particularly as the force of events over time has led to pragmatic adjustments of basic program structures. The result is often a mixture of elements of insurance and assistance,

making it sometimes difficult to classify a particular country's approach. Chapter II discusses this problem and provides an attempt at classification.

It is valuable to have some idea of the context in which unemployment insurance operates in various countries in terms of their patterns of labor compensation practices, employment relationships, and availability of other social welfare programs, to say nothing of their fundamental economic, legal, and administrative systems and their historical traditions. These factors vary considerably among countries. For example, the wage and fringe benefit practices that are prevalent in many European countries are quite different from those used in the United States and Canada. The role and strength of labor unions vary a good deal from country to country, and such variation is reflected in the nature of the employment relationship and in the way unemployment is treated. Countries differ in how they divide responsibilities for wage-loss replacement and work guarantee among units of government, industry associations, employers, and labor groups. All of these factors influence profoundly the nature and significance of a country's unemployment insurance program. No attempt is made here to describe how countries differ in these respects, but the reader is urged to bear in mind the fact that diversity does exist and affects how one should regard the programs described.

Sources of Income Support

One factor about which more must be said, however, is the extent and availability of sources of income support for unemployed workers in place of, or in addition to, unemployment insurance. Comparing UI benefits payable in one country with those in the next is not altogether meaningful without some recognition of these other sources of support. For example, in the United States many workers have some income protection in case of illness or injury, as well as some health care insurance for their families, arranged through their employers or through negotiated plans. The loss of a job almost always means the loss of these important forms of protection, with no public programs available to fill the gap. (A few states do provide temporary disability insurance for workers who become ill or who are injured while unemployed.) If an unemployed worker is ineligible for UI benefits or if he exhausts his entitlement, there is no general national program that assures him further income support if needed. Whether he and his family can obtain such assistance when necessary depends on what each of the states provides;

about half the states make no such provision for the unemployed. Low-income households, including those with unemployed members, can benefit from a locally administered federal food stamp program which does afford some subsidization for a crucial living cost.

When one examines the scope of income support programs provided in various countries, it appears that most countries give more adequate coverage of the needs of the unemployed than does the United States. One major underpinning of income that exists nearly everywhere, including Canada but not the United States, is a system of family or children's allowances. Such allowances are usually paid by the government to all resident households or to all workers regardless of need or income. In the event of unemployment, family allowances continue to be paid over and above any UI benefits. If temporary illness or injury should occur during unemployment, the jobless worker usually become ineligible for unemployment benefits since being able to work and available for work are standard conditions of eligibility. In such circumstances, nearly all countries shift the unemployed worker's support to a public sickness insurance program. (A few states in the United States will allow UI benefits to continue for a temporarily disabled recipient as long as no suitable job becomes available during his disability.) Some countries with UI programs provide for medical needs as part of their social security systems so that unemployed workers and their families are assured of continued health care protection despite interruption of employment and earnings. Finally, for those in need who exhaust UI and remain unemployed, or who are not covered by UI or are ineligible for benefits, many countries maintain an unemployment assistance program. More will be said about unemployment assistance in chapter II.

Unemployment insurance is adopted usually after a nation's economy has become substantially or primarily industrialized. Before providing protection against unemployment, it has been common to insure against such other wage-loss contingencies as sickness, old age, and invalidity (total permanent disability), which in most countries account for a large part of the total amount of social protection afforded. Table 1 gives some idea of the pattern of the different kinds of social benefits provided in a number of European countries, Canada, and the United States, and of the magnitude of all such benefits in relation to the gross national product (GNP) in each country. Although the total unemployment insurance benefits paid out in a year may represent only a small

Table 1
All Social Benefits as a Percent of Gross National Product and Percent Distribution, by Type of Benefit, in Eight European Countries, 1972, With Projections for 1975; Canada, 1972-73; and the United States, 1974

Country and year	Type of benefit as percentage of total benefits[a]							Total	All benefits as percentage of GNP
	Unemployment[b]	Sickness[c]	Old age[d]	Invalidity[e]	Work injury + disease[f]	Family benefits[g]	Miscellaneous[h]		
Belgium									
1972	5.4	23.6	36.6	8.4	5.2	16.7	4.1	100.0	18.3
1975	4.6	24.0	39.4	8.3	5.0	15.1	3.6	100.0	18.4
Denmark									
1972	3.6	29.2	35.6	13.5	1.4	15.0	1.8	100.0	20.2
1975	3.7	32.5	33.8	13.8	0.6	14.2	1.3	100.0	22.3
Germany, F.R.									
1972	0.8	29.9	45.6	7.3	4.8	8.1	3.5	100.0	20.2
1975	0.6	30.9	46.1	7.2	4.7	7.0	3.5	100.0	20.7
France									
1972	1.1	28.3	38.5	1.2	4.6	17.2	9.1	100.0	17.6
1975	1.3	29.7	40.0	1.2	4.6	16.2	7.0	100.0	18.1

Ireland									
1972	5.7	31.0	37.1	10.4	0.5	13.1	2.0	100.0	12.5
1975	6.0	31.5	35.6	9.9	0.5	15.2	1.3	100.0	14.7
Italy									
1972	1.6	27.7	35.9	14.3	3.7	8.4	8.4	100.0	20.3
1975	1.1	33.6	33.2	14.7	4.2	5.7	7.3	100.0	21.0
Netherlands									
1972	4.1	27.5	38.4	17.6	...	12.3	0.1	100.0	22.4
1975	4.1	27.6	36.9	20.4	...	10.8	0.3	100.0	25.5
United Kingdom									
1972	5.1	28.2	47.5	8.0	1.3	7.4	2.5	100.0	16.1
1975	3.5	29.1	48.2	8.2	1.4	6.9	2.7	100.0	15.8
Canada									
1972-73	15.4	28.7	20.0	13.2	2.1	5.0	5.5	100.0	13.2
United States									
1974	4.8	0.7	72.3		4.0	....	18.2	100.0	10.1

Source: For European countries, *First European Social Budget (1970-1975)*, Commission of the European Communities, Brussels, 27 Nov. 1974; for Canada, *Consolidated Government Finance*, Public Finance Division of Statistics, Canada, Cat. 68-202, table 2, Aug. 1975; for the United States, *Social Security Bulletin*, Aug. 1975, pp. 40, 41, 69.

(continued)

Table 1 (continued)

Note: Data presented for Canada and the United States are not entirely comparable with those for the other countries or with each other. An attempt was made to match the content, as much as possible, of the categories of social benefits as developed for the European countries. Included for the European countries are costs of medical care services, where provided, as well as other payments in kind, which are not specified; excluded are costs of housing subsidies, vocational training, and education. Included for the United States are payments to vendors of hospital and medical care in the applicable categories; excluded are food stamps and other noncash benefit costs.

a. Due to rounding, category percentages may not add to 100 for each country.

b. In Canada, includes benefits for sickness, maternity, and retirement (3-week lump sum), training allowance supplements, and special benefits for self-employed fishermen; in the United States, includes all unemployment insurance and training allowances under various public programs.

c. Includes maternity benefits and health services in European countries; includes hospital, medical, and other health care services in Canada; includes railroad and state temporary disability insurance and associated medical costs in the United States.

d. In European countries, includes survivors' and death benefits; in Canada, represents benefits under old-age security and universal pension plans; in the United States, the combined percentage shown for old-age and invalidity benefits includes survivors' and health insurance benefits, railroad and public employee retirement payments, veterans' pensions and compensation, and associated medical costs.

e. In Canada, represents assistance to disabled, handicapped unemployed, and other needy persons.

f. In the Netherlands, included with other benefits; in the United States, includes workers' compensation and associated medical costs.

g. Not provided in the United States.

h. In European countries, includes payments to victims of physical and psychological disability, natural catastrophes, and "political events"; in Canada, includes veterans' benefits and a few unclassified social welfare programs; in the United States, includes assistance payments under Supplemental Security Income and other public assistance programs and associated medical costs.

percentage of the GNP, these benefits turn over rapidly and thus have a greater significance in the economy than might at first appear. No doubt, when data are available showing the actual benefit outlays in the recession year of 1975, the proportions going for unemployment benefits in many European countries will be substantially higher than projected for that year. It is worth noting that the total of these social benefits represents about 10 percent of the gross national product in the United States—significantly lower than the proportion in any other country shown on table 1.[1]

Types of Unemployment

UI protection focuses mainly on those members of the labor force who tend to work regularly and full time, and who may experience temporary involuntary unemployment, usually for a limited period. Only in rare instances do UI schemes compensate unemployed persons who have entered the labor force for the first time or have reentered it after a long absence. Coverage is often confined, at least at the outset, to persons employed in industry. The benefits payable are limited in amount and duration to keep the cost within reasonable financial limits and to maintain an incentive for beneficiaries to return to work.

UI does not protect workers against all kinds of unemployment. Unemployment frequently is classified according to its cause as frictional, seasonal, cyclical, or structural. It is considered to be frictional during the interval in which a worker who has lost a job is seeking relatively comparable employment in a favorable market. It exists not because there is a shortage of jobs but because it takes time for the workers concerned to find the jobs that are available or for the competent authorities to match jobseekers and job openings. Frictional unemployment is usually of short duration and is appropriately dealt with under unemployment insurance programs which give an unemployed worker adequate time to find a suitable job for himself without the undue pressure generated by a serious lack of income.

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1. The much higher proportion of all social benefits accounted for by UI benefits in Canada in 1972-73, as compared with other countries shown in table 1, is due partly to a higher unemployment rate coupled with a generally more liberal UI program adopted in mid-1971, and to a comparatively lower level, relatively speaking, of family allowances and old-age benefits at that time.

Workers who are employed in activities undertaken only at certain times of the year, such as construction, food canning, and holiday-related trade, may be seasonally unemployed at other times of the year. Some may be able to piece together work in several seasonal industries so that they have year-round employment. There are major variations among unemployment insurance programs in their treatment of the benefit rights of workers employed in seasonal industries who have no work in the off-season. UI programs that compensate workers for seasonal unemployment may experience financial problems if such unemployment is substantial. To the extent that the same persons experience seasonal unemployment every year, the benefits paid may be seen as a wage subsidy for those workers or for the seasonal industry concerned; whether unemployment insurance should play that role is a debatable question.

Cyclical unemployment reflects the effect of general economic downturns which may occur with a certain regularity as economic activity rises and falls over a period of years. When downturns occur, the resulting unemployment is much greater in volume and tends to last longer than frictional unemployment since many previous jobs become temporarily unavailable. UI programs usually provide income support for at least part of the period of cyclical unemployment of affected workers; in some countries, for all or most of the period. There has been no prolonged mass unemployment since the worldwide depression of the 1930's, but cyclical unemployment has occurred on a relatively limited scale in most countries since World War II. Governments have applied appropriate fiscal and monetary policies to help maintain economic stability. By sustaining purchasing power, increased UI benefit outlays during recessionary periods have also contributed toward the containment of cyclical unemployment.

Technological changes in production and unexpected shifts in demand may result in structural unemployment among workers having special skills or engaged in certain industries. In some cases such unemployed workers may have to change their occupations, undergo retraining, or move to another locality where jobs are vacant. Structural unemployment does not result from a general imbalance between the work available and the work sought, but rather from the lack of mobility of the jobseeker and possibly from his need to acquire a new skill. Most European countries have adopted measures to reduce structural unemployment to a minimum. Since such unemployment tends to be

long term, some countries do not regard unemployment insurance as an appropriate measure to deal with it; they use other special approaches to cope with the problem. Others regard UI as an appropriate form of income support in the event of structural unemployment if used in conjunction with other measures designated to facilitate adjustment to new situations.

Since the end of the Second World War, the active population has shifted increasingly from the primary sectors of the economy (such as agriculture, animal husbandry, mining, and extraction of raw materials generally) into the manufacturing, trade, and service sectors. This trend has been pronounced, particularly in the United States, Canada, and the countries of Western Europe, either owing to the exceptionally rapid rate of economic growth and technological development or, in some countries, owing to the use of manpower planning techniques to organize and speed up the redistribution of the work force. The shift has helped to reduce underemployment in the primary sectors where there has been a surplus of manpower and to distribute labor more rationally over the economy as a whole. Income guarantees and other incentives to encourage workers to transfer from one economic sector to another, along with opportunities for training and retraining, have been successfully applied and widely used to promote employment and to help workers in their adjustment to economic change. Such programs may have the effect of reducing UI expenditures on cash benefits that would otherwise have been required.

Unemployment may also be classified in another way which can carry important implications for unemployment insurance. Some unemployed workers are *permanently* separated from their jobs—the relationship to the employer is severed. Others are placed on *temporary*, usually short-term, layoff but retain their employment relationship. Unemployment insurance deals equally with both types of layoffs in some countries (e.g., the United States and Canada), but in other countries UI rights and procedures may differ considerably for these two types of unemployment. In several countries, for example, workers on a temporary layoff may be treated under a separate scheme that also covers partial unemployment caused by a temporary reduction in the usual number of hours of work per week. Under such schemes, employers may have a greater responsibility for financing benefit costs than they have under the regular UI scheme.

Trends in Unemployment

A recent International Labor Office report comments on the concern felt at the appearance of higher unemployment rates during the 1970's than during 1960-66, especially in Western European countries.[2] Annual rates of unemployment are shown in table 2, covering the 10-year period from 1966 to 1975 in 16 countries that have unemployment insurance systems. Rates for 1975 were considerably higher in many countries than in previous years. The data presented are not entirely comparable among countries; therefore, caution should be exercised in making comparisons. There are differences in the concepts and definitions of unemployment that are applied as well as differences in the method of counting or estimating the number unemployed (see Technical Note in table 2). Even allowing for these differences, it appears that unemployment rates in the United States and Canada have been considerably higher than those obtaining elsewhere.[3] Only Ireland shows consistently higher rates of unemployment among the countries listed in table 2.

Unemployment insurance was not seriously tested in most of Western Europe or Japan during the last decade until 1975. The higher unemployment rates of recent years in many countries have drawn increased attention to UI and have stimulated efforts to strengthen programs in a number of countries.

Scope of Report

This paper describes the existing measures provided in various countries to maintain income for workers who have become unemployed. It also touches upon programs to promote reemployment of the unemployed. While 36 countries have unemployment benefit schemes, including those with assistance programs only (see table 3, chapter II), this study is

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2. International Labor Office, Second European Regional Conference, Report II, *Some Growing Employment Problems in Europe* (Geneva, Jan. 1974), pp. 7ff.

3. Unemployment rates adjusted to United States concepts for West Germany (Germany [F.R.] and West Berlin), Japan, and Sweden are usually about the same or lower than those shown for these countries in table 2, while adjusted rates for France, Italy, and Great Britain (United Kingdom excluding Northern Ireland) are usually somewhat higher but still less than the United States rate. (See U.S. Department of Labor, Bureau of Labor Statistics, *Handbook of Labor Statistics*, 1975, p. 437 for rates adjusted to U.S. concepts for these countries.)

Table 2
Annual Average Rates of Unemployment in Sixteen Countries With Unemployment Insurance Programs, 1966-75

Country	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	Basis of data
Austria	2.5	2.7	2.9	2.8	2.4	2.1	1.9	1.6	1.5	2.0	Registered unemployed
Belgium[a]	2.7	3.7	4.5	3.6	2.9	2.9	3.4	3.6	4.0	6.7	Registered unemployed
Canada	3.6	4.1	4.8	4.7	5.9	6.4	6.3	5.6	5.4	7.1	Labor force sample surveys
Denmark	2.3	2.7	5.0	3.9	2.9	3.7	3.6	2.4	5.2	11.1	Trade union benefit fund statistics
Finland[b]	1.6	2.9	4.0	2.8	1.9	2.3	2.5	2.3	1.7	[c]2.2	Labor force sample surveys
France	1.4	1.8	2.1	1.7	1.7	2.1	2.3	2.1	2.4	n.a.	Estimate[d]
Germany, F.R.[e]	0.8	2.1	1.5	0.9	0.7	0.8	1.1	1.2	2.6	4.7	Registered unemployed
Ireland	6.1	6.7	6.7	6.4	7.2	7.2	8.1	7.2	7.9	12.2	Compulsory UI program[f]

(continued)

Table 2 (continued)

Country	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	Basis of data
Israel[g]	7.4	10.4	6.1	4.5	3.8	3.5	2.7	2.6	3.0	n.a.	Labor force sample surveys
Italy	3.9	3.5	3.5	3.4	3.2	3.2	3.7	3.5	2.9	3.3	Labor force sample surveys
Japan	n.a.	1.3	1.2	1.1	1.2	1.2	1.4	1.3	1.4	1.9	Labor force sample surveys
Netherlands	1.0	2.0	1.9	1.4	1.1	1.6	2.7	2.7	3.3	4.8	Registered unemployed
Norway	0.8	0.8	1.1	1.0	0.8	0.8	1.0	0.8	0.7	1.3	Registered unemployed
Sweden[h]	1.6	2.1	2.2	1.9	1.5	2.5	2.7	2.5	2.0	1.6	Labor force sample surveys
United Kingdom[i]	1.5	2.3	2.5	2.5	2.6	3.5	3.9	2.7	2.7	4.4	Registered unemployed
United States	3.8	3.8	3.6	3.5	4.9	5.9	5.6	4.9	5.6	8.5	Labor force sample surveys

Source: Bulletin of Labor Statistics, International Labor Office, Geneva, 1975, 2d Quarter, table 4, pp. 33-39.

Technical Note: The statistical concept of the rate of unemployment is not uniform among countries. This is because the definition of unemployment differs. There exists a recommended international standard definition, but practice varies among countries, in particular with regard to the criteria for seeking work, reference periods, minimum limits on time worked, age limits, etc. Consequently, the source and the method of estimating unemployment also differ. Sometimes the rate of unemployment is calculated by relating the estimated number of persons unemployed (taken from a labor force sample survey) to the civilian labor force (employed plus unemployed) or to the working force. This method generally yields the best overall statistics on unemployment since it includes all groups of unemployed, even groups that may be missed by other methods. In other cases, unemployment is computed by comparing the total of unemployed persons registered in the unemployment offices to the total labor force or to the total number of employees. Another method used to derive the unemployment rate is to compare the number of insured workers unemployed to the total number of insured workers.

General Note: Unavailable information is indicated by *n.a.*

a. Wholly unemployed receiving insurance benefits.

b. Persons age 15 years and over, 1966-69; persons 15-74 years, 1970-75.

c. Provisional.

d. *Handbook of Labor Statistics,* U.S. Department of Labor, Bureau of Labor Statistics, 1975, p. 437.

e. Includes West Berlin.

f. Excludes insured unemployed workers in agriculture, fishing, and domestic service.

g. Includes unemployed who did not work in country during previous 12 months; from 1968 to 1975, includes certain territories occupied by Israeli military forces since 1967.

h. Persons age 16-74 years.

i. Excludes workers laid off temporarily.

concerned for the most part with UI schemes in 22 selected countries. These include the more advanced industrial economies of Western Europe, North America, and Japan, as well as several less developed nations. The provisions described are generally those in effect during all or part of 1975. The unemployment insurance provisions in the United States and Canada are described somewhat more fully than those in other countries so that they may be compared broadly with each other and with those elsewhere.

Chapter II describes the various types of unemployment benefit schemes in use and classifies countries by type. Coverage, eligibility, and benefit provisions are discussed in the next four chapters, and the treatment of special categories of unemployed workers in chapter VII. Financing and administrative arrangements are taken up in chapters VIII and IX. The efficiency and manner in which the statutory provisions are applied are, of course, of primary importance in ensuring the proper functioning of the scheme. It has not been possible here to examine in any detail the rules, regulations, and administrative procedures invoked for this purpose. Chapter X departs from the description of the basic unemployment benefit programs to discuss briefly the various measures used to promote reemployment and to improve the functioning of the labor market.

An appendix is provided containing summaries of the unemployment insurance programs in each of 10 countries. Another appendix describes activities of the International Labor Organization and the International Social Security Association in the field of unemployment insurance.

II. TYPE OF SYSTEM

There are at present 36 countries which provide for cash benefits to unemployed workers who have lost their jobs. Most do so through unemployment insurance schemes; several utilize an unemployment assistance approach instead of insurance, confining benefit payments to those who meet an income or means test; and some countries make use of both insurance and assistance.

Early Developments

The current unemployment benefit programs were preceded by schemes developed in the 19th century by trade unions and, in some cases, by mutual benefit or friendly societies. Under these schemes, each member of the union or society contributed to a fund from which various benefits, including out-of-work payments, were provided. By the end of the 19th century trade unions in Belgium, France, Germany, Great Britain, the Netherlands, Norway, Sweden, Switzerland, and (to a limited extent) the United States were providing such benefits. In a number of countries, notably France, Germany, Great Britain, and the United States, a limited number of employers set up funds with a view to stabilizing their work forces and retaining their skilled workers. However, funds of this sort were small and never became numerous.

The trade union and employer programs, based as they were on a single industry, craft, or enterprise, were vulnerable to sudden fluctuations in economic conditions which could produce unemployment for most workers participating in such a program. The employer schemes tended to cover only workers who would be recalled and to exclude those who were likely to be laid off permanently. Both union and employer schemes tended to disappear in their original form, although some trade union or similar schemes continued on a voluntary basis with the aid of municipal, provincial, and finally national subsidies. In several countries, e.g., Denmark, Finland, and Sweden, unemployment benefits are still provided mainly through state-subsidized, separately funded, voluntary trade union schemes.

Gradually national governments began to recognize that the risk of unemployment was not confined to a small segment of the labor force and that broader measures should be taken to ensure the livelihood of

unemployed workers. The first national compulsory unemployment insurance program was established by Great Britain in 1911. The definition of the contingency covered by current unemployment insurance schemes elsewhere is generally based on that of the 1911 legislation. The British Act applied to the unemployed the social insurance techniques that had been used first by Germany in the late 19th century to provide cash benefits for persons who could not work owing to sickness. In 1919 Italy issued a decree that made unemployment insurance compulsory for most of its manual workers. Austria introduced an unemployment insurance program in 1920; Germany, in 1927.

By the beginning of the 1930's compulsory unemployment insurance was in operation in 11 countries, and there were subsidized voluntary schemes in about 6 other countries. The United States, through federal law, induced the states to adopt unemployment insurance during the depression of the mid-thirties. Canada did not establish unemployment insurance until 1940.[1]

Variety of Approaches

In time, most countries with advanced industrial economies concluded that involuntary unemployment, like other contingencies involving income loss (e.g., sickness, invalidity, old age, or death of the breadwinner) should be covered by a system of social insurance or social assistance. Under either system the benefits are collectively financed and the conditions for entitlement to benefits and the rates are predetermined by law. Under the social insurance approach all covered workers or their employers, or both, contribute to a fund for financing benefits which are payable to any eligible worker, regardless of his means or need, who suffers the contingency covered by the insurance. In the case of social assistance, however, individual entitlement to benefits is subject to a means or income test, and the cost is borne entirely by the general tax revenues of the government.

Social assistance is a special form of public assistance (or public welfare or relief) in that it is restricted to a specified group of persons,

1. In 1935 an unemployment insurance law passed by the Federal Parliament of Canada was subsequently declared invalid by the Privy Council. Later, by consent of the provinces, an amendment to the British North America Act was obtained, empowering the Federal Parliament to legislate on unemployment insurance.

such as the unemployed, and is frequently more liberal than other relief programs. Persons covered by social assistance, like those covered by social insurance, have a statutory right, in a prescribed contingency and under prescribed conditions, to a benefit of a predetermined amount. In the case of social assistance, the amount paid may vary with the means or current income of the claimant and his family, assessed in accordance with prescribed rules. Other public welfare and relief programs deal with need in general, regardless of cause, and need is determined in each case through an investigation and assessment of individual and family circumstances. Public assistance authorities may have varying degrees of discretion in administering such programs with regard to eligibility and amount of aid provided, although in some jurisdictions these matters are more narrowly prescribed by law. While this paper is primarily concerned with the social insurance technique for providing unemployment benefits, it will refer from time to time to unemployment assistance where it is closely linked to the insurance scheme.

The term *social security* has been used generally to indicate the protection that society furnishes through organized schemes against certain risks involving loss of income, including unemployment. In Cyprus, Egypt, Ireland, Libya, Malta, Norway, and the United Kingdom all contingencies involving such loss are covered in a single comprehensive system. It is more usual for countries to deal with individual contingencies, such as unemployment, or with groups of contingencies, such as sickness and maternity or invalidity, old age, and death, under separate social insurance programs. This is the case in the United States and Canada. Prior to 1971 there was no national scheme of sickness and maternity benefits in Canada; but under the Unemployment Insurance Act of 1971, cash benefits are provided not only for workers who are separated from their jobs but also for insured persons who lose their earnings as a result of incapacity for work due to illness, injury, quarantine, or pregnancy. There is still no national scheme in the United States for sickness and maternity benefits.

Almost all highly industrialized countries with market economies, including the United States, Canada, the countries of Western Europe, and Japan, provide compulsory unemployment insurance protection for members of their labor force. Australia and New Zealand apply the social assistance approach to pay unemployment benefits, as do Hungary, Luxembourg, and Yugoslavia.

Table 3 lists the countries that have statutory unemployment benefit schemes based on:

a. compulsory unemployment insurance, i.e., insurance schemes in which prescribed categories of employees and/or employers must participate;

b. subsidized voluntary unemployment insurance, i.e., insurance in which membership is optional, except in some cases for trade union members who are required to belong to union funds; or

c. unemployment assistance provided by the state, subject to a means, income, or earnings test.

Table 3 also shows the year in which unemployment insurance or assistance was first established in each country and the year the current scheme began.

Some countries that have unemployment insurance programs (for example, Austria, Germany [F.R.], Ireland, and the Netherlands) also provide unemployment assistance for workers who do not qualify for unemployment insurance benefits or who have exhausted their rights to such benefits. In Finland and in Sweden there is an unemployment assistance program as well as negotiated labor-management or trade union unemployment insurance schemes for workers employed in industry and commerce. Based on an income test, France provides unemployment assistance allowances which are payable in addition to UI benefits, but the income test is not applied during the first 3 months of unemployment. Countries like the United States,[2] Canada,[3] and the United Kingdom,[4] which do not have special unemployment assistance schemes, do provide other kinds of public assistance or relief to persons in need, including those who are not protected or who are inadequately protected by UI. In the United States, however, such assistance is not evenly available to the unemployed throughout the country.

2. For a description of various programs which, to a certain degree, provide support to unemployed persons in the United States, see Merrill G. Murray, *Income for the Unemployed: The Variety and Fragmentation of Programs* (Kalamazoo, Mich.: W. E. Upjohn Institute for Employment Research, 1971).

3. Unemployment assistance which was previously provided under the Unemployment Assistance Act 1956 has been incorporated in the Canada Assistance Plan, which is a comprehensive public assistance measure providing, under agreements with the provinces, for federal contributions of 50 percent of the cost of assistance to persons in need.

4. An earlier unemployment assistance scheme was replaced in 1966 by a general supplementary benefits scheme to assist all persons in need.

A number of countries[5] maintain separate unemployment insurance programs or make special arrangements for workers engaged in one or more industries, such as agriculture, building and construction, and seafaring and fishing, in which unusual working conditions obtain and employment is subject to seasonal fluctuations. The special treatment accorded to the workers concerned is often the result of collective bargaining. In some countries special programs originally provided by collective agreements have been made part of the statutory UI system. In addition to the state unemployment compensation programs, as part of the federal-state UI system, the United States maintains two federal programs covering, respectively, federal civilian employees and ex-servicemen, which are administered by the states under the terms of their own laws. There is also a special federal unemployment insurance program for railroad workers, administered independently of the federal-state UI system and operated in conjunction with pension and disability benefits for such workers. The Canadian UI program is comprehensive in scope, and there are no independent schemes for occupational or other groups.

In countries where economies are state controlled and where citizens have a constitutional guarantee of the right to work, such as Czechoslovakia, Poland, Rumania, and the Soviet Union, there might appear to be no need to provide for benefits in cases of unemployment. However, new technological developments and structural changes in the economy and the imperfect fulfillment of economic plans may lead to a temporary maldistribution of the labor force in those countries and thereby necessitate special assistance for those workers who must be readapted and redeployed. Prewar UI schemes in Bulgaria, the German Democratic Republic, and Yugoslavia have been adapted to supply income support to unemployed workers—the first two countries on an insurance basis and the last on an assistance basis. In the Soviet Union there is administrative machinery to provide workers with jobs by distributing the labor force so as to obtain the highest economic returns and to attain the targets prescribed by the planning authorities. Thus, the problem of income maintenance in case of unemployment is part of the general problem of economic development and manpower planning. In general, Soviet workers cannot be discharged unless their employers find new jobs for them. In some sectors the government has experimented with the reduction of personnel, such as administrative staff, to meet

5. See *coverage* column of table 4, chapter III.

Table 3
Unemployment Benefit Programs in Thirty-six Countries

Type of program and country	Year of basic legislation		Other characteristics of program
	First law	Current law	
Compulsory UI			
Austria[a]	1920	1958	
Belgium	1945	1963	
Brazil	1965	1965	Applies only when employer has dismissed 50 or more employees over a 2-month period.
Bulgaria	1925	1958	
Canada	1940	1971	Includes sickness and maternity benefits and separation benefit at retirement.
Chile			
Salaried employees	1937	1974	
Wage earners	1953	1974	
Cyprus[b]	1956	1972	Is part of comprehensive social security program.
Egypt	1964	1964	Is part of comprehensive social security program.
France[a]	1967	[c]1972	Insurance schemes established and operated under labor-management agreements.
		1974	
Germany, D.R.	1927	1947	
Germany, F.R.[a]	1927	1969	
Greece	1945	1954	

Iceland	1936	1956	
Ireland[a]	1911	[c]1952	Is part of comprehensive social security program.
		1973	
Israel	1970	1972	
Italy	1919	[c]1939	
		1968	
Japan	1947	1974	
Libya[d]	1973	1973	Is part of comprehensive social security program.
Malta	1956	1971	Is part of comprehensive social security program.
Netherlands[a]	1949	1949	
Norway	1938	1970	Is part of comprehensive social security program.
Portugal	1975	1975	
South Africa	1937	1966	
Spain	1961	[c]1966	
		1972	
United Kingdom	1911	[c]1948	Is part of comprehensive social security program.
		1975	
United States (federal law)	1935	[e]1935	Individual state programs operate under state laws in conformity with federal law.
Uruguay	1944	1958	
Subsidized voluntary UI			
Denmark	1907	1970	
Finland[a]	1917	1934	
Sweden[a]	1934	1956	

(continued)

Table 3 (continued)

Type of program and country	Year of basic legislation		Other characteristics of program
	First law	Current law	
Compulsory and subsidized voluntary UI			
Switzerland (federal law)	1924	1951	
Unemployment assistance			
Australia	1944	1947	
Hungary	1957	1957	
Luxembourg	1921	[c]1945 1952	
New Zealand	1930	1964	
Yugoslavia	1927	1972	Since 1972 legislation of constituent republics has replaced federal law.

Source: Based largely on table 1 of *Financial Organization of Unemployment Benefit Schemes,* a working paper prepared by the International Labor Office for a meeting of the Actuarial Subcommittee of its Committee of Social Security Experts, CSSE/ACT. 1 (Geneva, Jan. 1973).

Note: As a rule, contingency covered is total unemployment.

a. Unemployment assistance also available. In France assistance allowances are subject to an income test that is waived during the first 3 months of unemployment.

b. Because of financial problems, unemployment benefits were discontinued in 1975.

c. Program operates under laws passed in both years.

d. As of 1975, the unemployment insurance program was not yet in effect.

e. Basic federal-state program established by federal Social Security Act of 1935, amended and expanded by legislation in various years since then.

labor shortages in other sectors. This procedure was hampered by the lack of authority to ensure a person an income during periods between jobs. It was reported that in 1970 a limited number of government administrative personnel were laid off with a view to promoting efficiency and that they were given 3 months' salary with a possible extension while they were being retrained in industry.[6] It appears that other categories of workers have been similarly redeployed.

After the Second World War, many countries substantially revised or completely replaced earlier unemployment insurance programs. A number of countries, such as Belgium, the Netherlands, and Spain, shifted from subsidized voluntary systems to compulsory programs. Ten countries, including France and Japan, initiated unemployment insurance following World War II. As of 1975, 27 countries had compulsory UI programs; 3 countries had subsidized voluntary UI schemes; Switzerland had both types; and 5 countries relied entirely on unemployment assistance programs.

Partial Unemployment

A number of unemployment benefit systems cover only total unemployment, but the majority, including the United States system, provide some compensation to workers whose normal schedule of working hours per day or working days per week has been reduced substantially by the employer because of shortages of orders, raw materials, or power; interruptions of work resulting from mechanical defects; weather conditions; catastrophes; or other reasons.[7] In some countries partial benefits may be payable under these circumstances through a special scheme which operates independently of the general UI scheme. Besides compensating for a reduced work schedule, the special scheme may also cover a temporary total layoff perhaps as an extreme case of reduced worktime. A significant factor in such schemes is the continued employer-employee relationship. Collective industry agreements often spell out the basis for partial or temporary unemployment benefits.

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6. See *New York Times*, 21 Feb. 1971 and 8 Feb. 1972; also International Labor Office, Second European Regional Conference, Report III, *Income Security in Europe in the Light of Structural Changes* (Geneva, Jan. 1974), p. 46.

7. See the section on Benefits for Partial Unemployment in chapter V of this paper.

Part-time workers—those who confine their employment to part-time jobs—are not usually covered by UI; if covered and unemployed, they must be available for full-time work as a condition of benefit eligibility. In some countries workers who have lost full-time jobs and have taken temporary part-time work may be eligible for partial or reduced unemployment benefits.

Supplementary Unemployment Benefit Schemes

In recent years measures have been introduced and new plans have been developed to supplement unemployment insurance benefits, which are often limited in scope, amount, and duration. These include the provision of employer benefit programs—frequently on the basis of collective agreements. In the United States collectively bargained supplemental unemployment benefit plans (SUB) were negotiated in some major industries beginning in the mid-fifties. These are financed by employers and provide the eligible laid-off worker with a weekly benefit which, when combined with the UI weekly benefit, equals a specified proportion of his previous weekly earnings. The supplemental benefits may continue to be paid after the exhaustion of unemployment insurance benefits if the worker has accumulated sufficient work credits from past employment covered by the SUB agreement.

New measures have been introduced in a number of countries to supplement or replace certain unemployment insurance benefits with a view to providing better protection to those workers who, as a result of technological changes in production and market factors, have become redundant and therefore are unemployed. These measures include severance allowances, which developed privately through collective agreements, employer programs, and the payment of wages in lieu of dismissal notices required by law in a number of countries.

In the United States, under a special program, workers who are laid off or underemployed because of the adverse effect of increased imports resulting from international trade agreements qualify for federal trade readjustment allowances (TRA) that are higher and of longer duration than UI benefits under the state programs. The regular state unemployment insurance benefits received by adversely affected workers are deducted from their TRA. The program also provides for other forms of assistance (such as retraining, relocation, and job search allowances) to help the adversely affected workers regain employment.

Another special federal unemployment benefit program provides cash income to persons who become unemployed as a result of a disaster, specified as such by public authorities.

Through collective agreements, Belgium has evolved a program to provide special allowances to workers who have become unemployed as a result of economic fluctuations. Similar programs in France and Italy provide a higher rate of compensation than do their standard UI schemes for unemployment caused by economic downturns or structural dislocations. In the United Kingdom and a number of other countries in Western Europe there are various publicly financed schemes to supplement unemployment benefits when a worker is dismissed because his employer has gone out of business or no longer needs him for the particular type of work in which he was engaged. These include redundancy payments, which are intended to compensate a dismissed worker for his property rights in his job, and which place the recipient under no obligation to seek work or to undergo training. Such schemes are frequently based on collective agreements; but in the United Kingdom, where compensation in the event of redundancy is highly developed, the system of payments has had a statutory basis since 1966.

III. COVERAGE

Unemployment insurance coverage provisions designate those workers whose earnings are protected against loss caused by involuntary unemployment. Coverage usually means that the employment of these workers is insurable and that their earnings are subject to a contribution assessment for which they or their employers, or both, are liable. The countries that have compulsory unemployment insurance programs cover either all regular employees or all such employees in industry and commerce, usually with some specific exceptions. Coverage provisions may exclude from protection certain types or groups of workers either explicitly, by enumerating them specifically as exclusions, or implicitly, by not mentioning them among workers specifically designated as covered. Table 4 indicates the major elements of coverage in 22 countries.

Coverage Exclusions

Most countries exclude from unemployment insurance protection some workers in certain industries or occupations. There are no specific industrial or occupational exclusions in Canada, Germany (F.R.), Israel, Norway, and the United Kingdom. Except for public employees (or civil servants), there are no industrial or occupational categories excluded in Austria, Ireland, or Japan. In the United States significant exclusions from unemployment insurance coverage apply to employment in agriculture, domestic service, and state and local government.[1] In some countries workers in specified industries or occupations which have unique characteristics with regard to employment patterns or practices are covered under separate special schemes. Examples are railroad workers in the United States; seamen in Belgium, France, Greece, Japan, and Spain; and agricultural and construction workers in a number of countries (see section on Seasonal Workers in chapter VII).

Agriculture and domestic household service, which provide mostly unstable employment, are excluded from the protection of some

1. Some employment is these categories is covered in a limited number of states, but as of 1975 such coverage was not compulsory under federal law. Beginning in 1978, however, states are required to cover some employment in agriculture and domestic service and nearly all state and local government employment.

Table 4
Scope of Unemployment Insurance Coverage in Twenty-two Selected Countries, 1975

Country	Coverage	Occupational and industrial exclusions	Other exclusions
Austria	Compulsory for all employees, paid apprentices, unpaid apprentices in their last year, on-the-job trainees, and home-workers generally; special scheme for construction workers.	Public employees.	Family labor, casual labor, persons under age 15, and those still engaged in compulsory schooling.
Belgium	Compulsory for all employees; special programs for construction workers, miners, port workers, and seamen.	Railway employees, domestic servants, and public employees.	Family labor, apprentices,[a] persons employed less than half days, and men age 65 (women 60) or over.
Canada	Compulsory for all employees, apprentices, and fishermen who sell their catch.	None.	Casual workers, persons engaged in inconsiderable employment, family labor, persons age 70 or over, or age 65 or over if retirement pension under Canada or Quebec Pension Plan has at any time become payable.

(continued)

Table 4 (continued)

Country	Coverage	Occupational and industrial exclusions	Other exclusions
Denmark	Usually compulsory for members of trade unions with voluntarily established (and government-approved) funds in manufacturing, commerce, office work, agriculture, handicrafts, transport, construction, etc.	Industries or occupations for which there are no established funds.	Persons unfit for regular employment, those employed in specific industry for fewer than 5 weeks prior to application for membership unless there was a promise of employment for such period immediately after joining, persons under age 18, and those age 65 or over.
Egypt	Compulsory for all employees in industry and commerce.	Agricultural employees and domestic servants.	Casual and temporary employees, family labor, and persons over age 60.
Finland	Voluntary for members of trade unions with voluntarily established funds.	Industries or occupations for which there are no established funds.	Persons over age 60 or under 17 and aliens unless there is reciprocity.
France	Compulsory for employees in industry and commerce; special schemes for building workers, dock workers, merchant seamen, aviators, and some agricultural employees.	Domestic household personnel and public employees.	Family labor, part-time employees, and persons age 65 or over, or over normal age of retirement if lower.

Germany, F.R.	Compulsory for all employees and for homeworkers.	None.	Students, disabled pensioners, family labor, casual employees, temporary employees, and persons age 65 or over.
Greece	Compulsory for employees in industry, commerce, and related occupations; special programs for merchant seamen and for printing workers in Athens and Salonika.	Employees in agriculture, forestry, or stockraising unless covered by other social insurance; employees in domestic household service; and public employees.	Apprentices, family labor, persons under age 18, and those age 65 or over.
Iceland	Compulsory for members of trade unions in communities with population of 300 or more.	Public, commercial, and office employees.	None.
Ireland	Compulsory for all employees; special scheme for manual workers in building trades.	Public employees.	Family labor, casual employees, persons under age 16, and those age 67 or over.
Israel	Compulsory for all employees.	None.	Persons under age 18 and men age 65 (women 60) or over.

(continued)

Table 4 (continued)

Country	Coverage	Occupational and industrial exclusions	Other exclusions
Italy	Compulsory for all employees; special scheme for agricultural workers.	Clergy, performing artists and other theater employees, inland and inshore fishermen belonging to cooperatives or autonomous companies, and those public employees who have security of employment.	Occasional workers, homeworkers in specified occupations, seasonal workers (with some exceptions), apprentices, persons with guaranteed employment, workers paid solely by share in profits or products of enterprise, employees eligible for retirement or provident fund benefits, and persons under age 14.
Japan	Compulsory for all employees; special schemes for seamen and casual dockworkers.	Public employees whose separation allowances exceed unemployment benefits allowed under program.	Workers employed in seasonal establishment operating less than 4 months in a year, part-time employees, and some categories of workers employed on a daily basis.
Netherlands	Compulsory for all employees and homeworkers; separate scheme for public employees.	Domestic servants unless normally employed for 3 or more days a week by one employer.	Workers employed in temporary part-time jobs and persons age 65 or over.
Norway	Compulsory for all employees.	None.	Persons who earn less than a specified amount, and persons age 67 or over who are receiving old-age pensions.

South Africa	Compulsory for employees in industry and commerce.	Agricultural employees, domestic servants, and railroad employees.	Occasional workers, persons earning more than 6,760 rand a year, and Bantu earning less than 546 rand a year or employed in rural areas.
Spain	Compulsory for employees in industry and commerce; special schemes for workers in agriculture, railways, mining and seafaring.	Share fishermen.	Casual labor, short-term employees, and persons under age 14.
Sweden	Usually compulsory for employees who are members of trade unions with voluntarily established unemployment insurance funds; voluntary for nonunion employees in industries covered by funds.[b]	Industries for which there are no established funds.	Persons unfit for employment, family labor, casual employees, homeworkers, and persons under age 16 or over maximum age fixed by fund.
Switzerland[c]	Compulsory in 20 cantons; municipalities may make compulsory in 3 cantons; entirely voluntary in 2 cantons; optional for married women in some cantons with compulsory coverage of other workers.	Federal and some cantonal government employees; some agricultural, domestic, hotel, and restaurant employees.	Family labor, seasonal workers, frontier workers, apprentices until last 6 months of apprenticeship, persons not free from compulsory schooling, and workers over age 65 (age 62 for women) unless they already belong to a fund.
United Kingdom	Compulsory for male and unmarried female employees and paid apprentices; married women may opt to be excluded.	None.	Family labor, persons who earn less than a specified amount, persons under age 16, and men age 65 (women 60) or over.[d]

(continued)

Table 4 (continued)

Country	Coverage	Occupational and industrial exclusions	Other exclusions
United States	Compulsory for wage and salary employment; special program for railroad employees.	In most states: employment in agriculture, domestic service in private homes, most state and local government jobs, nonprofit organizations with fewer than four employees, insurance agents, and members of clergy and of religious orders.	In most states: casual employees, family labor, and employment in firms with payroll under $1,500 in a calendar year.

a. May be eligible for benefits at completion of apprenticeship.

b. In addition to the trade union funds, there are funds for public employees, for associations of self-employed persons, and for members of other organizations.

c. Coverage provisions vary by canton; exclusions indicated therefore are not necessarily applicable in all cantons, and other exclusions not listed may apply in a few cantons.

d. Workers who do not retire at these ages may be paid UI benefits while unemployed but at rates equivalent to what their old-age pensions would provide if they had retired; no UI benefits are payable to men age 70 or over (women age 65 or over).

unemployment insurance schemes, as is employment that is of a nature so stable as to make protection against unemployment unnecessary (e.g., permanent public service employment). Although agricultural workers are covered in most countries, all or certain categories of such workers are excluded in Egypt, Greece, South Africa, and Switzerland, along with the United States. The coverage of agricultural workers is not always considered feasible owing to the administrative difficulties entailed in the registration of the persons to be protected, the collection of contributions, the determination of the right to benefits, the provision of placement services, and the payment of claims—particularly in less populated regions where agricultural operations are on a small scale.

Domestic servants are often excluded because of the administrative difficulties in covering them. They are not excluded in Austria, Canada, Germany (F.R.), Ireland, Israel, Italy, Norway, and the United Kingdom. They are covered in the Netherlands only if they work for the same employer at least 3 days a week. In the United States domestic employment in private homes is excluded from coverage except in Arkansas, New York, Hawaii, and the District of Columbia, where it is covered to a limited degree.[2]

Some countries specifically exclude from coverage persons below specified age levels who are considered too young to have established a permanent attachment to the labor force and who are still likely to be undergoing schooling. Most countries specify a maximum age, usually the pension age, beyond which unemployment insurance protection no longer applies. The United States has no such age limitations on coverage; Canada does specify an upper age limit.

Persons employed on an occasional, casual, subsidiary, temporary, part-time, or (in some cases) seasonal basis, or whose employment is somewhat irregular, are often excluded from unemployment insurance coverage. Where they are not excluded, they may be denied benefits because they fail to meet the minimum contributions, earnings, or employment requirement. Belgium covers part-time workers (engaged for at least 20 hours of work per week) with a somewhat rigid proviso that the employment must be spread over at least 5 days with at least 4 hours of work per day. In Austria, Egypt, France, Germany (F.R.), Ireland, Italy, Japan, the Netherlands, Norway, Spain, South Africa,

2. For UI purposes in the United States, the law specifies that the District of Columbia and Puerto Rico shall be regarded as *states*.

Sweden, and the United Kingdom, occasional, casual, or part-time workers, or those with only very minor or trivial earnings, are specifically excluded from unemployment insurance coverage.

Thirty-two states of the United States specifically define and exclude from coverage casual labor that is not related to the employer's trade or business. Furthermore, the qualifying conditions for unemployment benefits which require at least a specified amount of earnings or work, or both, tend to preclude the benefit eligibility of persons engaged in casual work or work of an inconsiderable extent, even if such work is covered. In several states, however, the level of the requirement is so low that it is possible for an individual to qualify with very little earnings.

The Canadian unemployment insurance scheme is designed for the protection of regular full-time workers. Employment is not insurable in any week in which the worker's earnings are less than one-fifth of the maximum weekly earnings subject to contributions or 20 times the weekly minimum hourly wage in the province where he works, whichever is the lesser. Persons earning less than a prescribed amount, which varies among the 10 provinces from $35 to $37 (1975) per week, are excluded from protection under the Canadian Unemployment Insurance Act.

Homeworkers, i.e., persons who work on material given out by a principal at a place not under his control, are not protected in some countries owing to the difficulty that would be entailed in verifying the existence of compensable unemployment claimed by such workers. They are specifically excluded from unemployment insurance coverage in Italy (some occupations) and Sweden; they are specifically covered in Austria, Germany (F.R.), and the Netherlands. In other countries, such as Belgium and Switzerland, they are the object of special administrative measures. Elsewhere they are presumably protected, but there are probably many for whom contributions are not made since it is difficult to enforce such provisions.

Family workers (those employed by members of their families) are also excluded from unemployment insurance coverage because their unemployment is difficult to verify. Austria, Belgium, Egypt, France, Germany (F.R.), Greece, Ireland, Sweden, Switzerland, and the United Kingdom specifically exclude family workers. Under the Canadian law, if an employer hires his spouse or his dependent, such employment is not insurable. A similar exclusion applies throughout the United States; only one state covers the employment of a worker employed by a son or daughter.

Married women who work may elect to be excluded from UI coverage in the United Kingdom. The same option is available in some cantons in Switzerland where coverage of other workers is compulsory, while in a few other cantons working married women may be excluded by cantonal funds.

In general there tend to be fewer difficulties in administering unemployment insurance, at least in collecting contributions, where the program is to some extent linked with a sickness insurance program, as in Austria and Germany (F.R.), or where it is part of a comprehensive social security system, as in Egypt, Ireland, Norway, and the United Kingdom. In the United States coverage applies to employment rather than to workers as such. The earnings of workers who are engaged in covered employment, regardless of whether it is on a regular, temporary, part-time, or seasonal basis, are subject to unemployment insurance taxes paid by the employers.[3] Such taxes are payable even though the amount of earnings or employment that some individuals have may not be enough to meet the minimum required to qualify them for benefits.

In recent years few countries have made major changes in the scope of coverage by their compulsory insurance programs. The long-run trend has been toward extending UI protection to increasing proportions of the labor force. Canada eliminated nearly all coverage exclusions in 1971. In the United States federal legislation brought about significant coverage extensions in 1972 by eliminating most of the previous exclusions of employment in small firms, nonprofit organizations, state hospitals, and state institutions of higher education.[4] Japan has expanded UI coverage of its labor force in the last several years. A previous exclusion from protection of workers having earnings over a prescribed amount has been abolished in Canada, Germany (F.R.), Greece, and the Netherlands. No such exclusion has ever applied in the United States. It applies presently only in South Africa.

UI coverage is virtually universal in Canada, Israel, and Norway, while about 85 percent of all wage and salary jobs are covered in the United

3. Where employment by state and local government and by nonprofit organizations is covered, these employers may be allowed to reimburse state UI funds for benefits paid to former employees instead of paying UI taxes. Coverage of federal civilian and military employees is financed by the federal government on a reimbursement basis.

4. During 1975-76 when unemployment levels were very high, a special federal program of unemployment assistance provided cash benefits to unemployed workers who were not covered by unemployment insurance provided they could meet the state UI eligibility requirements.

States. From various International Labor Office sources, referring mostly to data for 1970 and 1971,[5] it appears that more than 80 percent of the wage and salary labor force were covered in Austria, Belgium, Germany (F.R.), Ireland, the Netherlands, Norway, and the United Kingdom. About 60 to 75 percent were covered in France, Greece, Italy, Japan, Spain, and Sweden. Significantly smaller proportions were covered in Denmark and Finland where voluntary UI programs prevailed.

Minimum International Labor Organization Standards

The Social Security (Minimum Standards) Convention, 1952 (No. 102), adopted by the International Labor Organization in 1952, specifies standards for nine branches of social security, including unemployment benefits. A member country of the ILO which ratifies the Convention with respect to the unemployment branch agrees that it will cover through its UI scheme at least half of all its wage and salary workers or, if not sufficiently industrialized, at least half of all employees of industrial firms which employ 20 or more workers. An unemployment assistance scheme must apply to all members of the labor force who can meet a prescribed means test when unemployed.

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5. These sources include International Labor Office, Meeting of Actuarial Subcommittee of Committee of Social Security Experts, Working Paper CSSE/ACT. 1, *Financial Organization of Unemployment Benefit Schemes* (Geneva, Jan. 1973); International Labor Office, Second European Regional Conference, Report III, *Income Security in Europe in the Light of Structural Changes* (Geneva, Jan. 1974), p. 108; and International Labor Office, *Yearbook of Labor Statistics* (Geneva, 1972).

IV. QUALIFYING REQUIREMENTS AND ELIGIBILITY CONDITIONS

Under unemployment insurance the right of an unemployed worker to benefits is everywhere conditional upon compliance with prescribed qualifying and eligibility requirements. Qualifying requirements refer in one way or another to the claimant's prior work experience. Some of the eligibility conditions concern the circumstances of the claimant's job termination, while others represent requirements to be met during the period when the benefits are being paid. Claimants may be disqualified from receiving benefits for failure to meet any of the prescribed conditions. The objective is to confine the payment of unemployment benefits to insured workers who are regular and bona fide members of the labor force and who are involuntarily unemployed. They must show that they are willing to work and available for work, and capable of working steadily. Failure to apply these conditions may result in wasted resources, abuse of the system, and lower labor force morale.

The insured status of a claimant is determined on the basis of his fulfillment of prescribed minimum qualifying requirements. Application of other eligibility conditions which relate to the reasons for the claimant's last job separation, his current availability for work, and other relevant circumstances may entail a considerable degree of judgment on the part of administrative authorities.[1] It appears that all unemployment insurance schemes provide for appeals of eligibility determinations to another or higher authority than the one which determines eligibility in the first instance.

Qualifying Requirements for Insured Status

In most states of the United States entitlement to unemployment insurance benefits is based on the fulfillment of conditions relating to the worker's earnings in covered employment; in other states, to the extent of such employment. In most other countries entitlement is based on the duration of a qualifying period of employment or on the number of paid contributions reflecting such employment. Whatever the nature of the minimum qualifying requirement—whether the number of contributions

1. For a full discussion of the issues associated with these types of requirements in the United States, see George S. Roche, *Entitlement to Unemployment Insurance Benefits* (Kalamazoo, Mich.: W. E. Upjohn Institute for Employment Research, Sept. 1973).

paid or the amount of wages earned within a specified time or the number of hours, days, or weeks of employment within such time—it must have been fulfilled within a prescribed reference period. Of course, the longer the reference period, usually the easier it is to satisfy the requirement of a given amount of employment (or contributions), although more employment may be required with a longer period. Earnings or work of a very minor or inconsiderable amount is generally excluded in reckoning the fulfillment of the qualifying requirement. Meeting the requirement serves to demonstrate that the claimant has recently been attached to the labor force for at least a prescribed period. Within recent years the minimum earnings or employment required to qualify for benefits has been reduced in Canada, Denmark, Greece, and Sweden.

About three-quarters of the states of the United States require a claimant for unemployment benefits to have had minimum earnings of not less than a specified amount in the preceding 1-year base period, which in some states is the 52 weeks preceding the claim but more frequently is the first 4 of the last 5 completed calendar quarters. The required minimum earnings usually must be distributed over 2 or more of the calendar quarters in the base period. A few states require only a flat amount of earnings in the base period regardless of the amount or spread of employment. Fourteen states base the qualifying formula on weeks of employment; the prescribed number in these states varies from 14 to 20 weeks in each of which a minimum amount of wages is required of the claimant. Generally the fulfillment of merely the minimum requirement of employment or earnings qualifies a claimant for benefits for only a limited period.

The Canadian program requires a minimum of 8 weeks of insurable employment during the 52-week period preceding the claim or during the time that has elapsed since the beginning of the last benefit period if that is less than 52 weeks. The fulfillment of merely an 8-week requirement indicates so minor an attachment to the labor force that the insured person is entitled to only 8 weeks of benefits; with a longer period of employment, the duration of benefits allowed is longer. Prior to 1971 Canada required contributions for at least 30 weeks of insured employment within the previous 2 years, including 8 weeks within the last year.

About half the European countries with UI schemes require that a claimant have at least 26 weeks of work or contributions within a

prescribed reference period—usually 1 year—to qualify for benefits. The reference period is 2 years in Italy and 3 years in Denmark and Germany (F.R.). In some countries, for example, in Austria, Belgium, Greece, and Japan, the reference periods are extended by time spent in one or more of the following: self-employment, sickness or incapacity, maternity leave, child care, noninsurable employment, vocational training, and military service. Austria and Greece require more employment or contributions within a longer reference period for the first claim for benefits than for subsequent claims. In Belgium the required amount of employment and the length of the reference period increase with the age of the claimant; they are lowest for young persons who have in most cases only recently entered the labor market. Israel prescribes a higher qualifying requirement for salaried workers paid monthly than for wage workers. The United Kingdom recently shifted from a minimum of 26 weeks of contributions to total contributions representing a minimum amount of earnings in a year. In Ireland and the United Kingdom, contributions are credited to a worker's insurance record for periods of unemployment or inability to work owing to illness or injury.

Table 5 shows the qualifying requirements for entitlement to benefits in 22 selected countries. The minimum qualifying requirement under the Canadian program is the most liberal to be found in any of the other countries listed, although the Netherlands qualifies claimants for general unemployment benefits if they have worked steadily for at least 6 weeks prior to their claims, or for at least 65 days during the prior 12 months. South Africa and France have similar requirements for a 52-week reference period: South Africa specifies a minimum of 13 weeks of contributions, while France requires 3 months or 520 hours of paid employment. All other countries generally require about as much as or more than that required in the United States for entitlement to some benefit.

Other Eligibility Conditions

An unemployed worker who fulfills the qualifying requirements for unemployment benefits is eligible to receive such benefits only if he is involuntarily unemployed and currently attached to the labor force. Before a claimant's eligibility can be determined, the authority responsible for the administration of the unemployment insurance program must verify a number of facts concerning the claimant's

Table 5
Qualifying Requirements for Unemployment Insurance Benefits in Twenty-two Selected Countries, 1975

Country	Required employment, earnings, or contributions	Reference period preceding claim
Austria[a]	First claim ever made, 52 weeks of employment	24 months
	Subsequent claims, 20 weeks of employment	12 months
Belgium[b]	Under age 18, 75 days of insured employment	10 months
	Age 18-26, 150 days	10 months
	Age 26-36, 300 days	18 months
	Age 36-50, 450 days	27 months
	Age 50 and over, 600 days	36 months
Canada	8 weeks of insurable employment	52 weeks preceding claim or since start of last benefit period, whichever is shorter
Denmark	6 months of full membership in fund and 26 weeks of normal employment in occupation concerned	3 years
Egypt	1 year of contributions	Since first covered
	and	
	6 months of contributions	6 months
Finland	6 months of contributions to unemployment fund (also 6 months of employment while member of fund)	6 months
France[c]	91 days or 520 hours of paid employment	12 months
Germany, F.R.	26 weeks of contributions[d]	3 years

Country	Required employment, earnings, or contributions	Reference period preceding claim
Greece[e]	First claim ever made, 80 days of contributions in each of 3 years	3 years
	Subsequent claims, 125 days of contributions	12 months
Iceland	6 months of employment at standard rate of earnings	12 months
Ireland	26 weeks of contributions paid	Since first entry into insurance
	and	
	26 weeks of contributions paid or credited[f]	Contribution year preceding benefit year
Israel	*Wage earners*	
	150 working days	360 days preceding first day of month in which unemployment begins
	or	
	225 working days	540 days as above
	Salaried employees	
	180 working days	360 days as above
	or	
	270 working days	540 days as above
	New immigrants	
	100 working days	360 days as above
Italy[g]	52 weeks of insurable employment	2 years
Japan[h]	6 months of insurable employment	12 months

(continued)

Table 5 (continued)

Country	Required employment, earnings, or contributions	Reference period preceding claim
Netherlands	*Waiting benefits*[j]	
	130 days of employment in industry covered by plan	12 months
	General scheme	
	65 days of employment in any occupation	12 months
	or	
	Employment on all working days in 6 weeks	6 weeks
Norway	Minimum annual earned income	Calendar year or averaged over 3 previous calendar years
South Africa	13 weeks of contributions	52 weeks
Spain	6 months of contributions	18 months
Sweden	12 months of work and contributions (24 for self-employed)	Since entry into fund
	and	
	5 months of work and contributions[j]	12 months
Switzerland	Member of fund	6 months
	and	
	150 days of employment	365 days
United Kingdom[k]	Paid contributions on total earnings of at least 25 times lower weekly earnings limit specified for year	Any past contribution year
	and	
	Paid or credited contributions on total earnings of at least 50 times lower weekly earnings limit specified for year[f,l]	Contribution year prior to claim

Country	Required employment, earnings, or contributions	Reference period preceding claim
United States	In most states, minimum annual covered earnings equaling at least specified multiple of weekly benefit amount or of high-quarter earnings; in some states, specified minimum number (varying from 14 to 20) of weeks of employment; in remaining states, minimum annual earnings (over 2 or more calendar quarters in some states)	12 months (commonly first 4 of 5 preceding quarters); otherwise 4 quarters, 52 weeks, or calendar year preceding claim[m]

a . Reference period extended by period of self-employment, incapacity, military service, noninsurable employment, training, or imprisonment.

b . A claimant who fails to meet the requirement for his age class may qualify on the basis of the requirement for a higher age class; days for which sickness or work-injury social security benefits are payable are credited toward insured employment requirement; reference period extended (not exceeding 5 years) by period of military service, imprisonment, or inability to report for work.

c . For statutory unemployment assistance benefits, the qualifying period required is 150 days of gainful employment within the 12 months preceding unemployment; for homeworkers and intermittent workers, 1,000 hours of work during the preceding year.

d . Weeks of employment of workers who are past the age of 63 are credited even though such workers are no longer liable for contributions.

e . Reference period extended by period of sickness, military service, or self-employment.

f . Weeks of incapacity or unemployment credited toward requirement.

g . Other requirements apply for entitlement to benefits under special schemes; no benefits payable during first 2 years following entry into insurance.

h . A month of insurable employment is counted if there were at least 14 days of paid employment; reference period is extended (not exceeding 4 years) by period of incapacity if 30 days or more, or, for women, by period spent caring for children.

i . Provided by separate industrial funds in initial period of unemployment.

j . Two months of training, military service, or maternity leave may be credited toward requirement.

k . These requirements do not become fully effective until 1977; old requirements are similar to those for Ireland and continue to apply through 1976.

l . Special regulations may allow some claimants with less than the specified minimum contributions to qualify for benefits at reduced rates.

m. Two states apply alternative requirements based on employment in the 2 years preceding the claim.

previous insurance, employment, or contribution record, as well as his compliance with other requirements relating to the circumstances surrounding the loss of his job and his current availability for further employment in suitable work. Did he lose his job involuntarily or leave it without just cause? Is he capable of, available for, and willing to work? Is he actively seeking a job? Has he refused offers of suitable jobs? The availability-for-work criteria are applied to ensure that the unemployed worker claiming benefits is without a job for reasons connected with the state of the labor market and not simply for reasons related to his personal circumstances.

Unemployment insurance laws usually provide that benefits may be withheld or suspended for prescribed periods in any of a variety of circumstances. These include incapacity or nonavailability for work, voluntarily leaving a job without just cause, dismissal from a job for grave misconduct, unemployment arising as a direct result of stoppage of work caused by a labor dispute, failure to accept suitable employment, failure to use the employment services made available, or failure to participate in prescribed training or retraining. The receipt of certain kinds of income may also be disqualifying in the sense that such income may be applied to reduce the amount of the benefit.

The disqualifications imposed may include one or more of the following: a postponement of benefits for a prescribed period, a cancellation of benefit rights, or a reduction of benefits otherwise payable. The prescribed periods of disqualification frequently vary in length to take some account of the gravity of the disqualifying act, or to recognize the fact that unemployment lasting beyond a specified period may be due to the general conditions of the labor market rather than to the disqualifying act of the claimant.

Ability To Work and Availability For Work

All unemployment insurance schemes require that a claimant for benefits must be able to work. The United States and Canada, as well as Austria, Belgium, Denmark, France, Germany (F.R.), Greece, Ireland, Italy, Japan, the Netherlands, Norway, Sweden, Switzerland, South Africa, and the United Kingdom, in their unemployment insurance laws or regulations specifically require that claimants must be available for work. In other countries, it is generally implicit that claimants who are

able to work are also available for work. There are of course minor variations in the definitions of *ability to work* and *availability for work* in the different laws.

A few states in the United States specify that a claimant for benefits must be either physically, or mentally *and* physically able to work. Other states have interpreted general language to include the same requirement. Several states have added a proviso to the effect that a claimant already entitled to and drawing benefits shall not be considered ineligible for benefits during an uninterrupted period of unemployment because he becomes ill or disabled so long as no work is offered which otherwise would have been suitable.[2]

In Canada, if a worker is considered unable to work because of illness or injury, and if he has only a minor attachment to the labor force (i.e., from 8 to 20 weeks of contributions), his benefit is suspended for the period of his disability, or is not paid, or is interrupted, as the case may be. Workers with a longer recent labor force attachment are eligible not only for unemployment benefits of longer duration but also for a wider range of benefits, including payments (within specified limits) when illness, injury, or pregnancy prevents their working.

Generally no difficulty arises in determining whether a claimant is physically able to work. However, it may be difficult to determine whether he is able to work full time or whether, because of partial incapacitation, he is able to work only to the extent his strength and ability permit. Under the relevant Austrian law, a worker who is not prevented by sickness or other disability or handicap from deriving at least half his normal earnings in an appropriate activity is deemed to be capable of work for purposes of unemployment insurance. In Belgium a worker is considered physically unfit for work if, on the basis of a medical examination, his earning capacity has been assessed as little as one-third of that of a worker with similar training in the same occupation and in the same region. Certification that a person has registered for work with the manpower service constitutes a presumption of physical fitness in France. In a number of countries, including Austria, Belgium, France, Italy, and the Netherlands, the administrative agencies are frequently empowered to require a medical examination in cases where there is doubt as to a claimant's fitness for work.

2. None of these states has a public sickness or invalidity insurance program (only five states and Puerto Rico have) which would provide for the support of unemployed workers in such circumstances.

Although ability to work is universally cited as a criterion for testing labor force attachment, availability for work is less frequently mentioned. In some countries the filing of a claim and registration for work at a public employment office may be considered as evidence of availability for work. With a few exceptions, registration is required of all claimants for unemployment benefits in the United States. The exceptions include those workers who usually find jobs through their unions or who are expected to return to their jobs after a very short layoff.

Eligibility for unemployment benefits is conditional upon the claimant's being in the labor market and generally upon his being in a position to accept promptly an offer of a suitable job (see discussion of suitable work in the next section). The concept of availability for work is in practice generally applied with regard to the previous occupation and skills of the claimant; it is not interpreted to apply simply to any type of work or to any place or under any conditions. While a claimant's availability for work is normally tested through his registration and reporting at the employment office, it is difficult to establish nonavailability other than by offering him a suitable job. All states of the United States require a claimant for unemployment benefits to be available for work and give very much the same meaning to these phrases: *work, suitable work,* and *work in the claimant's usual occupation.* Another element of availability for work—willingness to work—is expressly required as a condition for benefits under the unemployment insurance programs of Austria, Belgium, Denmark, Japan, and several other countries; generally the requirement is implicit. It can be tested by offering the claimant a suitable job, but this is not always possible. Active job search by the claimant also may serve to demonstrate his availability for work. The unemployment insurance laws of some countries specifically require that a claimant for benefits must be actively seeking work or making a reasonable effort to obtain work. Such is the case in the majority of the states in the United States and in Austria, Belgium, the Netherlands, Ireland, and Switzerland.

Suitable Work and Refusal of Job Offers or Training

A claimant for unemployment insurance benefits is not required to accept an unsuitable job, but his refusal to accept suitable employment without good cause is a ground for disqualification from unemployment benefits in all UI schemes.

The definition of the term *suitable work* varies among the countries. Many of the criteria for describing what is or is not suitable work relate to concern for the protection of labor standards or codes established through law or collective bargaining or custom. They generally reflect the view that temporary involuntary unemployment should not be the occasion for damage to the status achieved by the worker in his line of work. The main factors taken into account are (1) the rate of pay and terms of employment; (2) the location of the new job in relation to the worker's home and to transportation facilities; and (3) the relationship of the new job offered to the worker's previous occupation, skills, experience, and physical capabilities. In determining the suitability of a job, consideration is also given to any risks that it may involve relating to the safety, health, or morals of the worker and to whether the job available became vacant as a result of a labor dispute.

UI laws frequently specify the basis of the wage rate that would be considered acceptable in determining the suitability of the employment offered to a claimant. In the United States, as a condition for federal approval of a state law, that law must provide that unemployment benefits shall not be denied to a claimant if he has refused work because the wages, hours, or other conditions of work offered are substantially less favorable than those prevailing for similar work in the locality concerned. In Canada employment is considered unsuitable if the remuneration offered is at a lower rate than that observed by collective agreements or by reputable employers in the usual occupation of the claimant, or if under other conditions it is less favorable than the claimant might reasonably be expected to obtain. Similar specifications apply in the United Kingdom. In Austria employment is unsuitable unless it is adequately remunerated. In Denmark the wage rate may be lower than that previously received by the claimant but not lower than that provided in collective agreements. In Finland and Greece the wage rate is acceptable provided that it corresponds to the rate normally paid. In Germany (F.R.) and Italy, work is considered unsuitable for an unemployment insurance claimant if the rate of pay is below normal; in France, if it is not in accord with wage regulations and labor-management agreements. In Switzerland an unemployed person is not expected to accept remuneration below the amount that he could claim under unemployment insurance.

Under all unemployment insurance schemes the distance of a vacant job from the claimant's home is a factor in determining the suitability of the work offered him. Some countries specify in their legislation the

circumstances in which a claimant may refuse employment without loss of benefit rights because the job offered is not readily accessible. In the United States the distance of the new work from the claimant's home, the transportation available, and his past travel habits are among the criteria listed by most states for testing the suitability of the job offered. In Belgium a claimant may refuse employment entailing daily absence from his home of more than a specified number of hours. In Germany (F.R.) a worker may leave or refuse employment without losing his rights to unemployment benefits if, under certain conditions, he is required to be separated from his family. Under the Japanese unemployment insurance program a job offered that involves a change of residence "entailing difficulties" is considered unsuitable. In France the suitability of an available job that is outside the district where the claimant lives is determined by taking account of his family situation, transportation facilities, or the possibility of his obtaining accommodation at the new place of residence.

In the United States federal law prohibits the states from denying benefits to claimants because they refuse to take jobs that are vacant owing to a labor dispute. Similarly, refusal to accept such jobs is not a valid reason for disqualification in Canada, Germany (F.R.), Italy, Japan, the Netherlands, Norway, and the United Kingdom.

Although the concept of suitable employment is sometimes applied so as to restrict it to the claimant's usual occupation or skill level, especially where the unemployment is expected to be short term, there is usually provision for a relaxation of this restriction as unemployment becomes prolonged. This is generally the practice in the United States. In Belgium a skilled unemployed worker, after being on benefits for 3 months, is disqualified if he refuses to accept employment, even though the work is not in his specialty. In Germany (F.R.) unemployment benefits are suspended if, despite warnings, a claimant fails to accept employment offered him by the employment office or to follow initial or advanced training or vocational rehabilitation courses for which the employment office has offered to provide the necessary assistance. In the United Kingdom, after a "reasonable interval," employment is not regarded as unsuitable if it is not in the claimant's usual occupation. Furthermore, the United Kingdom disqualifies from unemployment insurance benefits those persons who have refused or failed to avail themselves of approved training to keep fit for entry or reentry into regular employment. Refusal to take training is also grounds for disqualification in Austria, Canada,

63

Egypt, France, Greece, Italy, Japan, the Netherlands, Norway, and Switzerland.[3]

It appears that all European countries, as well as the United States, Canada, and Japan, specifically withhold unemployment benefits for some weeks from claimants who, without good cause, refuse suitable employment offered them by the appropriate employment office. The duration of the suspension or withholding of benefits for refusal of job offers generally varies with the gravity of the grounds on which the refusal is based and with the frequency of its occurrence.In the United States disqualification periods vary considerably by state. Most states suspend benefit payments for a specific number of weeks. In some states the period is fixed by law for all claimants who refuse suitable work, ranging from 3 to 10 weeks among these states. In other states the period may vary within a prescribed range from case to case with the maximum varying among states from 4 to 25 weeks. Still other states disqualify claimants for the duration of their current unemployment and usually specify an amount that the claimant must earn or a period in which he must work to remove the disqualification. In Canada the suspension for refusal of suitable work is 3 weeks. It is 4 weeks or a month in Austria, Germany (F.R.), and Japan, and up to 6 weeks in Ireland. In Denmark the disqualified claimant may not obtain benefits until after a suspension of 30 days; in addition, 30 days of work are required if the disqualifying act is repeated within the next 12 consecutive months. Benefit suspension may vary from 4 to 13 weeks in Belgium. The more stringent provisions generally applying in the United States would seem to be due to greater concern for a loss of work incentives and to fear of malingering.

Job Separation Issues: Quits and Discharges

A worker who voluntarily leaves his job without good cause is disqualified from benefits under all unemployment insurance schemes. The definition of *good cause* varies. For example, in the United States some states may disqualify claimants who quit their jobs for justifiable personal reasons not connected with the job, while other states may accept such reasons as good cause. It appears also that all schemes disqualify from benefits a worker who loses his job owing to misconduct

3. In the United States federal legislation enacted in June 1975 introduced a disqualification applying to federal supplemental benefits if a claimant refused to make himself available for training offered by the state. (These are temporary long-term benefits provided by the federal government during 1975-76. See section on Duration Limits in chapter VI.)

on the job. Discharge for misconduct may give rise to a disqualification if the misconduct is linked with or affects the work situation rather than the claimant's personal life, and if it is willful and deliberate rather than accidental or unintentional. Misconduct as a reason for dismissal includes dishonesty, willful disobedience of orders or rules, and repeated negligence.

In all states of the United States disqualification in the case of a voluntary quit may result from the circumstances of the separation from the claimant's most recent employment; in some states, however, even though his last separation was not due to a disqualifying act, the claimant can be disqualified because he had voluntarily quit a prior job. For a voluntary quit disqualification, most states suspend benefits for a specified number of weeks—as few as 4 and as many as 26 in states where the number is fixed by law, or up to maximums ranging from 5 to 25 weeks among states with variable periods of suspension. Many states suspend benefits until after the claimant has again been employed for at least a specified number of weeks or has earned at least a specified amount of wages. In addition to benefit suspension, some states also reduce the benefit rights of claimants who are disqualified for voluntarily quitting a job.

In Canada a claimant for unemployment insurance who has voluntarily left his employment is disqualified from receiving benefits under much the same conditions that apply in the United States. The Canadian law, however, limits the period of disqualification to not more than 3 weeks. In Austria, Germany (F.R.), and Sweden the disqualifying period is 4 weeks, and in Norway, at least 4 weeks. It is 30 days in Italy, 5 weeks in France, and up to 6 weeks in Ireland and the United Kingdom; and in Japan, 1 to 2 months following the waiting period. Belgium suspends benefits for 4 to 13 weeks.

The duration of the disqualification for misconduct discharge is variable in about half the states of the United States, with a range as little as 2 to 6 weeks in one state and as much as 1 to 26 weeks in another. Some of the remaining states fix the disqualification at a flat number of weeks, ranging from 3 to 12; others disqualify the claimant for the duration of his unemployment. Some states reduce or cancel the claimant's benefit rights when he has lost his job owing to misconduct. A number of states provide heavier disqualification when the worker has been discharged for a dishonest or criminal act or for other acts of excessive misconduct.

Canada, all European countries with unemployment insurance schemes, Japan, and South Africa disqualify workers who lose their jobs through proven misconduct. The duration of the disqualification on grounds of misconduct is usually the same as that for voluntarily quitting a job.

Labor Disputes

Practice varies regarding the treatment of workers who are unemployed through cessation of work as a consequence of a labor dispute. Loss of work in such cases or in lockouts cannot be attributed to the action of an individual worker.

The unemployment insurance laws of the various states of the United States treat workers affected by a labor dispute in accordance with the nature of their involvement in the dispute; if the workers are directly involved, they cannot qualify for benefits. States vary as to how they make the distinction between direct and indirect involvement in a dispute. New York and Rhode Island disqualify all strikers, using a broad definition of the term, but for only 7 or 8 weeks, after which all are eligible for benefits even though the strike continues. The payment of unemployment benefits to strikers in these states is a highly controversial matter within the United States. The disqualification under all state laws takes the form of a postponement of benefits but does not entail a reduction or cancellation of benefit rights.

In Canada an insured worker whose employment has been interrupted because of a work stoppage attributable to a labor dispute at his place of employment is not entitled to receive benefits until the end of the work stoppage or until after he becomes a bona fide employee elsewhere in his usual occupation or becomes regularly engaged in some other occupation, whichever event occurs first. However, this provision does not apply if he is not participating or is not directly interested in the dispute concerned or does not belong to a category of workers who are interested in it.

In Austria and Greece unemployment is not compensable if it is the direct result of a work stoppage caused by a strike or defensive lockout. In similar circumstances Denmark refuses benefits to a person who was employed in the undertaking concerned if it appears that his wages would be directly affected by the result of the dispute. Belgium suspends benefits of workers unemployed because of a strike to which they consented. Benefit suspension also applies in Germany (F.R.) to a

worker if he participates in a labor dispute, or if the dispute concerns changes in the conditions of his employment, or if payment of benefits to him and other affected workers would influence the course of the dispute. In Ireland and the United Kingdom a disqualification exists as long as the strike lasts if the claimant is participating financially or is directly interested in the dispute, and is of the same grade or class as the workers who are involved in the dispute.

Receipt of Income During Unemployment

Most states of the United States disqualify a claimant from unemployment benefits for any period during which or for which he receives certain specified types of cash income, such as wages in lieu of notice, workers' compensation, dismissal wages, an old-age pension under the social security program, or a pension under an employer's retirement plan. In some states the weekly unemployment benefit amount is reduced by the amount of income received for the week concerned, or as prorated for that week. In other states the claimant is denied any unemployment benefits for the period to which the disqualifying income applies.

The payment of both unemployment benefits and a retirement pension covering the same period poses various problems. If the act of retirement is voluntary, a job-separation issue may arise. Also, the receipt of a pension by a claimant for unemployment benefits raises questions concerning his genuine availability for work and concerning whether his work experience before he became a pensioner should continue to guide the application of the suitable work concept. The payment of UI benefits to claimants who also draw pensions has been a major issue in the United States.[4]

Some countries have resolved the problem of the possible simultaneous receipt of UI benefits and old-age pensions by specifying a maximum age limit for unemployment insurance coverage, usually the age of retirement. In at least two countries—Austria and Germany (F.R.)—unemployed older workers are able to qualify for old-age pensions somewhat before the normal retirement age, at which time their unemployment insurance benefits are discontinued. Germany also suspends benefits when the workers are entitled to receive public benefits

4. For a discussion of this issue, see Merrill G. Murray, *Should Pensioners Receive Unemployment Compensation?* (Kalamazoo, Mich.: W. E. Upjohn Institute for Employment Research, Aug. 1967; reprinted Dec. 1972).

or allowances for training, sickness, accident insurance, maternity, and invalidity. Similarly, unemployment benefits are not paid in France to workers who receive training allowances, old-age pensions, or other social security benefits.

Under the Canadian unemployment insurance law, earnings received as bonuses, severance pay, wages in lieu of notice, retirement leave credits, etc., are allocated to the period for which those earnings are payable; during that period the claimant concerned is not considered to be unemployed. In other countries, including Austria, Belgium, France, Germany (F.R.), Italy, the Netherlands, Switzerland, and the United Kingdom, the payment of unemployment insurance benefits is suspended so long as the worker is in receipt of or is entitled to receive dismissal or severance allowances that are paid on a periodic basis.

Eligibility Determination and Appeals Procedure

Administrative procedures are established and maintained by all schemes so that when a claim for benefits is filed the necessary information concerning the claimant's insured status—his past employment, contributions, and/or previous earnings—can be readily assembled and verified, and a determination can be made as to his eligibility for benefits. The administrative agency may obtain such information from the claimant, his employer, or its own records.

The division of responsibility for eligibility determinations among the administrative authorities varies from one country to another. The claim may be examined and the claimant's eligibility determined by a designated office or authority within the administrative agency. Alternatively, claims may be settled by an administrative officer who is not of the unit that did the preparatory work. The determination of a claimant's entitlement to benefits is usually a simple matter of applying the rules under the relevant law to established facts. But in some cases questions arise concerning such matters as the state of the claimant's health, the possibility that he has not in fact been available for work, the nature of his separation from his last employment (which may not have been involuntary), his possible involvement in a strike, or the suitability of a job that he refused. All these matters may complicate the process of making determinations.

In the administration of an unemployment insurance program, inevitably disputes will arise on various questions and between various parties. The claimant may be dissatisfied with the decision as to his availability for work, for example; and always he has the right to contest that decision. In the United States employers (whose contribution or tax rates under the program vary, through experience rating, with the benefits paid to former employees) also have the right to challenge determinations concerning claims. In Canada, too, employers may contest or appeal claims.

The initial findings with respect to unemployment insurance claims are an administrative matter. To protect claimants against error, bias, or arbitrary action, provision is commonly made for an appeal to a body that is jurisdictionally more or less independent of the administrative authority responsible for the original decision. However, in some countries the original decision may be altered by the administrative authority on its own initiative or on that of the insured person. Such is the case in Austria, Canada, Ireland, Italy, the Netherlands, Spain, and Sweden.

All the states of the United States provide for appeals, usually in two stages, by insured workers whose claims for unemployment benefits have been denied. Employers who have an interest in a case also have the right to appeal the decision on the claim. In half of the states first-level appeals are heard by a single referee or examiner; most other states provide for a referee or examiner plus representatives of the interests of employers and workers. The time allowed for filing first-stage appeals varies among the states from 5 to 15 days (30 days in New York) following notice of the original determination. In about half the states, responsibility for second-stage appeals lies with the program's top administrative authority; in other states it lies with a separate tribunal, usually appointed by the governor. States allow from 7 to 15 days (20 days in New York) to file a second-stage appeal. Some states require that an appeal of a contested determination which involves a labor dispute be taken directly to the second-stage appeals body. In all states an appeal may be taken to the courts for judicial review. Appeals are public proceedings in the United States.

It appears that all other countries having unemployment insurance schemes provide that an original decision concerning a claim for benefits may be appealed to a higher authority. In some countries the appeal may be an administrative procedure; in others recourse to a judicial or

quasi-judicial authority is necessary in order to have the legality of the original decision verified. The authority responsible for dealing with an appeal must be either independent of the one which dealt with the claim in the first place, as in Canada, Greece, Italy, Japan, the Netherlands, Spain, Sweden, Switzerland, and the United Kingdom; or superior to that authority, as in Austria and Norway.

In Belgium, Canada, Italy, the Netherlands, Norway, South Africa, Switzerland, and the United Kingdom, the first-level appeal is to a body in which workers and employers are represented equally. In Sweden appeals lie with boards in which neither insured workers nor employers are represented.

An appeal must be submitted within a specified time; the time varies among the countries from 7 to 90 days. The hearings of disputes are not generally open to the public. However, public proceedings (usually court proceedings) take place in Belgium, the Netherlands, and the United Kingdom, as well as in the United States. In most countries the appellant can have legal representation or assistance; Italy and Norway are exceptions. The right of both parties to obtain access to documents which may facilitate the handling of the case is recognized in Austria, Ireland, Japan, the Netherlands, Spain, Sweden, Switzerland, and the United States; no such provision applies under the relevant laws in Canada, Italy, or the United Kingdom.

There is a second-level appeal within the administrative framework of the program in Austria, Greece, Italy, Japan, Norway, Spain, and South Africa. In Ireland, Italy, Japan, the Netherlands, Spain, and Switzerland, the second-appeal authority provides a possibility of enforcing the claim before the courts. In a few countries, notably Austria, Germany (F.R.), Greece, Norway, and Sweden, there are other special legal remedies through the courts or an administrative court system parallel to, but not part of, the regular "law court" system. In Belgium disputes relating to the rights of workers now come before labor courts, which were created in 1970 to deal with all social matters and disputes arising out of labor law.

The ILO Social Security (Minimum Standards) Convention, 1952 (No. 102) requires countries ratifying the Convention with respect to unemployment benefits to guarantee UI claimants the right to appeal if they think that their claims or benefit rights have not been determined properly. This standard does not apply if the determination is made by a special tribunal on which covered workers are represented.

V. THE BENEFIT AMOUNT

Under all unemployment insurance programs, cash benefits are either flat amounts payable to all claimants or amounts based on the individual claimant's previous wages or earnings. The rationale for fixing benefits at flat rates is that every worker covered by the program who loses his job and qualifies for benefits should be guaranteed a minimum means of subsistence while he is looking for work. The object of relating benefits to previous wages is to provide each beneficiary with an income that will to some extent maintain his previous standard of living, which presumably is based on his previous earnings. Wage-related benefits are subject to a ceiling on the earnings reckoned or on the benefit amount payable. In either case special supplements for dependents may also be payable.

Instead of calculating wage- or earnings-related benefits as a percentage of each claimant's previous earnings, a number of countries, for administrative reasons, have established schedules of wage classes in each of which a flat amount of benefit is prescribed. The benefit rate payable in each class is usually calculated as a percentage of the midpoint of the range of wages in the class so that the benefit rates are still largely earnings related, up to the maximum.

There is sometimes concern over disincentives to work that may develop where flat-rate benefits closely approach the level of previous earnings of low-wage workers, or where wage-related benefits substantially exceed 60 or 70 percent of the claimant's previous earnings. This danger may be dispelled to some extent where eligibility conditions under the law are strictly applied so that benefits are denied, at least for a prescribed period, to persons who are proved to be malingering. A number of countries which pay flat-rate benefits specify a limit on the amount payable in terms of a proportion of the beneficiary's wage to ensure that the benefit paid will not exceed his wage; in effect, this limit serves to reduce the amount payable below the flat rate for those who have low wages. Countries which add flat-rate dependents' supplements usually impose a similar type of ceiling on the total benefit amount payable for the same reason.

Some countries provide partial benefits for workers who are reduced to short-time work schedules or who obtain temporary part-time work after separation from a full-time job.

Basic Benefit Rates

Most countries with unemployment insurance—the United States and Canada among them—pay benefits that are earnings related, according to various formulas. Only 7 of the 22 countries listed in table 6 provide flat-rate benefits, and some of these countries add earnings-related supplements. In recent years Belgium has moved entirely, and Ireland and the United Kingdom partially, from a flat-rate to a wage-related benefit. In Ireland and the United Kingdom a proportional supplement related to a band of earnings in excess of a prescribed amount is added to the flat-rate benefit. Norway adds an earnings-related supplement, figured as a very small percentage of annual earnings, to a low flat-benefit amount. Under certain conditions, the flat-rate benefit in Italy is supplemented or replaced by a wage-related benefit.

In most of the United States the basic weekly rate is about 50 percent of the claimant's weekly earnings, reckoned according to various state formulas; in some states the proportion is higher.[1] Most states use a wage-class schedule, and some compensate a higher than usual fraction of wage loss at the lower wage levels. Some other countries which use the wage-class approach, for example, Austria, Germany (F.R.), Japan, and South Africa, also arrange wage-class schedules to provide claimants in classes at or near the bottom of the wage scale a proportionately higher percentage of their earnings than is payable to those in classes higher on the wage scale.

In Canada the unemployment benefit amount is 66-2/3 percent of a claimant's average weekly earnings, subject to an earnings ceiling. In 1975 the benefit-wage proportion was 75 percent for a claimant whose weekly earnings were not more than one-third of the maximum weekly insurable earnings, provided he had a dependent. The 75 percent benefit rate was payable, up to a maximum amount, to *all* claimants with dependents, without the earnings limitation applying, if unemployment continued beyond an initial benefit period in which up to 25 weeks of benefits were payable and if the claimant qualified for extended benefits.[2]

The highest basic benefit rate (excluding dependents' supplements) in relation to a claimant's wage is paid in the Netherlands—80 percent.

1. A few states calculate the benefit as a small fraction of annual wages; in these states the percent of weekly earnings that is compensated varies, depending on the number of weeks of employment during the year represented by the annual wages.

2. Canada eliminated the 75 percent benefit rate at the end of 1975.

Table 6
Unemployment Insurance Benefit Amount Provisions in Twenty-two Selected Countries, 1975

Country	Basic benefit rate[a]	Dependents' supplements[b]
Austria	Wage related (flat rates within wage classes). Range: 40% to approximately 50% of wage, varying inversely with level of wage class; maximum: 2,886 schillings per month.	240 schillings per month per dependent; total benefit, including dependents' supplements, not to exceed 80% of wage.
Belgium	Wage related. 60% of average wage, reduced to 40% after 1 year of unemployment for single claimants; maximum: 3,305 francs per week.[c]	None.
Canada	Wage related. 66-2/3% of average weekly earnings; 75% for claimant with dependent(s) if in lower earnings category or if drawing extended benefits; maximum: 123 dollars per week.[d]	None.
Denmark	Flat rate. Varies among funds and may vary among wage classes; maximum prescribed by legislation on the basis of earnings in manufacturing, or 90% of average earnings in occupation if less.[c]	None.
Egypt	Wage related. 50% of earnings.	None.

Finland	Flat rate. Varies among funds and with family status of claimant; maximum: the lesser of 75% of wage in usual occupation or 42 markkaa per day for family head and 31 markkaa per day for others.	None.
France	Wage related. 35% of wage but increased to 40.25% for first 3 months of unemployment (longer for those over age 50).[e]	None.
Germany, F.R.	Wage related (flat rates within wage classes). Range: about 49% to 66% of weekly wage for married workers and nonmarried workers with at least one dependent child and 42% to 66% for other nonmarried workers, varying inversely with level of wage class; maximum (in Deutsche marks): 319.80 for married and 272.40 for nonmarried workers with wages of 655 or more per week.[d,f]	None.
Greece	Wage related (flat rates within wage classes). 40% of daily wage or 50% of monthly salary; subject to a maximum.	10% of wages per dependent; total benefit, including dependents' supplements, not to exceed 70% of wages.
Iceland	Flat rate. 688 kronur per day.	106 kronur per day for spouse and 74 kronur per day for each child; total benefit, including dependents' supplements, not to exceed 1,062 kronur per day.

(continued)

Table 6 (continued)

Country	Basic benefit rate[a]	Dependents' supplements[b]
Ireland	Flat rate of 9.40 pounds per week (8.20 pounds for married woman or worker under age 18 with no dependents)[g] plus wage related: 40% of previous earnings between 14 and 50 pounds per week (reduced to 30% after 147 days of benefits and to 25% after 225 days).	6.10 pounds per week for 1 adult dependent, 2.65 pounds each for 1st and 2nd child, and 2.20 pounds for each additional child under age 16; total benefit, including dependents' supplements, not to exceed weekly earnings.
Israel	Wage related. Declining percentage rates apply to successively higher bands of wages, as defined in relation to the national average wage (NAW); percentages applied also vary by family status;[h] maximum varies by family status, e.g., 77.15 pounds per day for claimant with non-working spouse.[d]	20 pounds per month for each child.
Italy	Flat rate. 800 lire per day.[i]	None.
Japan	Wage related. Range: 60% to 80% of wages, varying inversely with level of wage class; maximum: 4,500 yen per day.	None.
Netherlands	Wage related. 80% of wage in normal occupation; maximum: 138.33 guilders per day.[d]	None.

Norway	Flat rate of 4 kroner per day plus wage related: 0.1% of annual earnings up to specified limit and 0.1% of portion (1/3) of additional annual earnings up to specified limit; maximum: 95 kroner per day.[j]	4 kroner per day for dependent spouse and each dependent child; total benefit, including dependents' supplements, not to exceed 90% of wage (net of direct taxes and contributions).
South Africa	Wage related (flat rates within wage classes). Range: 75% to about 25% of wage, varying inversely with level of wage class; subject to a maximum.	None.
Spain	Wage related. 75% of average insurable wage.	None.
Sweden	Wage related. Varies by fund and wage class; maximum: 130 kronor per day.	None.
Switzerland	Wage related. 65% of insurable earnings, or 70% if 1 or more dependents.	6 francs per day for 1st dependent and 3 francs for each additional dependent; total benefit, including dependents' supplements, not to exceed 85% of insurable earnings.
United Kingdom	Flat rate of 11.10 pounds per week (7.80 pounds for married woman)[k] plus wage related: 33-1/3% of previous earnings between 10 and 30 pounds per week and 15% of earnings between 30 and 54 pounds per week.	6.90 pounds per week for an adult dependent, 3.50 pounds for the 1st child, and 2.00 pounds for each additional child; total benefit, including dependents' supplements, not to exceed 85% of average weekly earnings.
United States	Wage related (provisions vary by state). In most states, approximately 50% of weekly earnings according to various formulas (some states pay a higher percentage to all, or to those with lower wages); maximum from 55 to 127 dollars per week.[d]	11 states provide higher benefits for claimants with dependents (provisions vary by state); maximum in these states, including dependents' supplements, from 89 to 156 dollars per week.

Table 6 (continued)

a. Excludes dependents' supplements.

b. In addition to any family allowances that continue to be paid to claimants entitled to them; family allowances payable in all countries except Egypt and the United States; family allowances to UI claimants paid by UI funds in Italy.

c. Benefit rates adjusted for changes in retail price index (Belgium) or cost-of-living index (Denmark).

d. Maximum benefit adjusted for changes in average wage levels; in the United States, adjusted in 31 states.

e. Claimant may also receive unemployment assistance allowances during first 3 months of unemployment when the income test is waived; the total of insurance and assistance benefits may not exceed 95 percent of the wage for claimants with dependents and 90 percent for those without dependents.

f. Rates indicated apply to claimants separated permanently from their jobs; those on temporary layoff for economic reasons may receive special allowances after the first 4 weeks equal to approximately 68 percent of net wages lost (net of taxes and social insurance contributions).

g. Reduced flat-rate benefit amount payable to claimant who qualifies with less than 48 weeks of paid or credited contributions in preceding contribution year; flat-rate benefit (and dependents' supplements) also reduced after first 26 weeks of benefits for claimant who has less than 280 weeks of contributions during last 7 years.

h. For example: for claimant with nonworking spouse, basic benefit is total of 80 percent of wage earned up to 1/2 NAW, 50 percent between 1/2 and 3/4 NAW, 45 percent between 3/4 and full NAW, and 40 percent of additional wage up to the maximum; for claimant with no spouse but with a dependent child, the percentages applicable for each wage band are 70, 50, 35, and 30 percent, respectively.

i. Under certain conditions the benefit amount for industrial workers is supplemented so as to raise the total compensation to 66-2/3 percent of the wage; for building workers, the flat-rate benefit amount may be supplemented by a special allowance equal to 33-1/3 percent of the wage.

j. *Annual earnings* based on wages in last job or, if not normal, on average wage in last 12 months adjusted to annual basis; *specified limit* derived from a monthly earnings factor (the *base amount*) which is adjusted annually for changes in average wage levels.

k. Reduced flat-rate benefits may be paid to some claimants with contributions less than the specified minimum required to qualify for benefits at the full rate.

Spain pays 75 percent. Most countries provide at least 60 percent, especially for those in lower wage classes. Among the countries which use the wage-class approach, the rates range down to about 40 percent in the higher wage classes in Austria, to about 49 or 42 percent (depending on marital status) in Germany (F.R.), and to about 25 percent in South Africa. In Japan the rates range down from 80 percent for the lowest wage class to 60 percent for the highest wage class. In France the basic unemployment insurance rate is 35 percent of the wage, but that amount is raised by 15 percent to 40.25 percent of the wage in the first 3 months of unemployment (longer for older claimants). The insurance benefit may supplement a flat-rate assistance allowance for which the income test is waived during the first 3 months. The French policy of maintaining a higher level of support in the early stages of unemployment contrasts with that followed until 1976 in Canada where the level of support was increased during the later stages of unemployment. In France industrial workers whose jobs are abolished permanently owing to economic reasons may receive special benefits which equal 90 percent of former gross wage earnings.

The benefit amount that is payable under unemployment insurance programs is usually subject to a ceiling that is imposed either directly on the amount or indirectly through the limit placed on the amount of the wage to which the specified percentage rate can apply, i.e., the maximum amount of the wage that is insured and subject to the contribution rate. In UI programs that pay wage-related benefits, benefit ceilings reflect the view that workers who earn wages above a certain level do not need as great a proportion of compensation if they become unemployed as do workers who earn lower wages. That view also supports the practice of varying the benefit percentage applied to the wage inversely with the wage level. Some countries formerly excluded high-wage workers from UI protection altogether; only South Africa does so now.

In the United States at mid-1975, ceilings imposed by state laws on basic weekly benefit amounts (excluding dependents' allowances) ranged between 30 and 66-2/3 percent of the 1974 average weekly wage paid in covered employment within the state. Ceilings were as high as 60 percent or more of the 1974 statewide average wage in 19 states, and less than 50 percent in 11 states.[3]

3. Based on U.S. Department of Labor, Manpower Administration, *Significant Provisions of State Unemployment Insurance Laws, July 7, 1975*, and *Handbook of Unemployment Insurance Financial Data, 1974 Supplement*.

Unless adjusted regularly, flat-rate benefits will lose much of their purchasing power in periods of rising wages or prices. Wage-related benefits automatically adjust themselves to changes in wage levels and, to some extent, to changes in living costs. The capacity for such adjustment will be diminished, however, if the benefit ceilings do not keep pace with changes in wages. Furthermore, if the benefit ceilings are not adapted to increases in earnings, there will be a tendency for most insured workers to be clustered at the top of the scale so that in fact the wage-related benefits tend to become flat-rate benefits. This tendency was evident in Sweden where, until a recent reform, over half the members of insurance funds belonged in the top wage class and 5/6 were in the top 3 of the 12 classes.[4] In the last quarter of 1975 over half the claimants in each of the 10 states of the United States were awarded the state maximum weekly benefit amount. Nationwide, nearly 40 percent of all claimants were at the state maximums.[5]

Over the years, as it became apparent in various countries that benefits were no longer adequate, there have been many upward adjustments in the flat rates payable and, in the case of wage-related benefits, in the ceilings on the earnings reckoned or the maximum benefit amounts provided. Usually these changes have been made on an ad hoc basis. In more than half the states of the United States the maximum weekly benefit is adjusted periodically on the basis of a change in the average wage within the state; in these states the ceilings reflect any upward (or downward) movement in wages. Nevertheless, low benefit ceilings, relative to wage levels, remain a major barrier to adequate compensation of wage loss. Benefit ceilings are adjusted periodically for changes in wage levels in Canada, Germany (F.R.), Israel, the Netherlands, and Norway. All benefit rates are adjusted by the retail price index in Belgium and by the cost-of-living index in Denmark.

Dependents' Supplements

About half the countries covered by table 6 pay benefit supplements or higher UI benefit amounts to claimants with dependents or with primary family responsibilities than to those with none. Only 11 states in the United States did so in 1975. Independent of unemployment insurance, all countries listed in table 6 (except Egypt and the United States) have a

4. Leif Haanes-Olsen, "Swedish Unemployment Program," *Social Security Bulletin*, March 1974, pp. 41-45.

5. U.S. Department of Labor, Employment and Training Administration, *Unemployment Insurance Statistics*, November-December 1975, p. 12.

family or children's allowance system for all residents or all employees, based on some or all of their children who are under a specified age. These allowances continue to be paid when a worker is unemployed and drawing unemployment benefits, even where dependents' supplements are added to the basic benefit amount. Austria, Greece, Iceland, Ireland, Israel, Norway, Switzerland, and the United Kingdom supplement the basic UI benefit amount with allowances for dependent children and usually for a dependent spouse as well. The cost of maintenance per dependent tends to decline with increases in the number of dependents; for this reason the benefit supplement for a single dependent, whether spouse or child, is sometimes fixed at a higher rate than are supplements for additional dependents. The amount of the supplements for children may depend on the age of the children concerned or on their order in the family. No dependents' supplements are added to UI benefits in France, but the amount of unemployment assistance that may be paid along with the insurance benefits varies according to the number and type of dependents.

Several countries provide a higher benefit amount to married claimants or to those who head households, rather than add dependents' supplements. In Finland, where the benefit amount is not related to wages, the amount paid varies by family status. In Germany (F.R.), married claimants receive unemployment benefits compensating a higher proportion of their wages than do nonmarried claimants with no dependent children. Belgium reduces by a third the proportion of wages paid as a benefit amount to single claimants if unemployment continues for more than a year.

In the United States most of the states which take account of dependents or family status in determining the UI benefit amount to be paid do so by supplementing the basic wage-related amount with dependents' allowances. Wherever the basic amount is supplemented, an allowance is paid for one or more children under a specified age, and in most of these states a dependent older child, spouse, parent, or sibling may also be treated as a dependent for benefit purposes. The weekly allowances are usually fixed at flat rates for each dependent, with a ceiling on the total allowances payable which may apply as a limit on the number of dependents that may be allowed, or on the total amount of the supplements allowed, or on the proportion of the basic benefit amount that can be allowed for total dependents' supplements. In a few states the maximum benefit amount allowed varies both with the number of dependents and with the amount of the beneficiary's previous earnings:

thus, a claimant with dependents may be eligible for more than the maximum basic benefit amount but only if he had earnings higher than those required to qualify for the maximum basic amount.

The Canadian program does not provide dependents' supplements, but it did provide a higher benefit rate (75 percent of wages) for low-wage claimants with at least one dependent, and for all claimants with dependents who received extended benefits. (This provision for higher rates was abolished at the end of 1975.)

In countries which provide benefits on a flat-rate basis, or which pay proportionately higher wage-related benefits to the lower wage classes, ceilings may be specified for the total benefits payable, including dependents' supplements, to keep the total below the wage. For example, the total weekly benefit payable in the United Kingdom may not exceed 85 percent of the recipient's average weekly earnings. The total benefit amount may not exceed 90 percent of the net wage (net of taxes and social security contributions) in Norway, 80 percent of previous earnings in Austria, and 70 percent in Greece. In France the combined payment of the insurance benefit and assistance allowance may not exceed 90 percent of the recipient's wage if there are no dependents or 95 percent if there are.

Minimum International Labor Organization Standards

The ILO Social Security (Minimum Standards) Convention, 1952 (No. 102) specifies minimum standards for the benefit amount paid under unemployment benefit schemes. It provides that where paid on a wage-related basis, the benefit (including any dependents' supplements) for a male claimant with a wife and two dependent children should be not less than 45 percent of the claimant's prior wage. Where a separate system of family or children's allowances is provided, as is the case in most countries, the allowances payable to the claimant described are to be added to both the unemployment benefit and the wage in determining whether the total support afforded meets the 45 percent standard. This standard applies at all wage levels up to at least the average wage of a skilled manual male worker. If a flat-rate benefit is paid to such a claimant, it should be no less than 45 percent of the average wage of an unskilled male worker. (Again, family allowances are to be taken into account.) Benefits payable to claimants with different family responsibilities must be related reasonably to this standard.

Benefit Amounts and Wage Levels

One way to illustrate and compare how the benefit provisions of various UI schemes actually work is to apply them to an unemployed worker under a hypothetical set of circumstances. Table 7 provides the results of such an exercise. For this purpose, it is assumed that the claimant worked in a manufacturing job and earned the average wage paid in 1974 in all manufacturing jobs in his country or state. It is also assumed that he supported a wife and two children. For nine national UI programs and nine state programs in the United States, table 7 shows the estimated weekly benefit amount payable in 1975 for such an unemployed worker, including dependents' supplements where provided, and the percentage of his wage loss that would be compensated by the benefit.

The proportion of wage loss compensated by UI benefits among the nine countries ranges from about 40 percent in France to 80 percent in the Netherlands. The range in the United States runs from 38 percent in Texas to 68 percent in Illinois. (On the same basis, all other states would fall within this range.)[6]

The relatively low percentage of wage loss compensated by UI benefits shown for France may be misleading for manufacturing workers since a more generous supplementary or special benefit scheme may apply under certain conditions for the manufacturing sector. Moreover, along with UI benefits, unemployment assistance is also payable in France—and without an income test during the first 3 months of unemployment; the total combined compensation for the hypothetical unemployed worker would be about 70 percent of his wage. The low proportion for Austria reflects the limitation imposed by the ceiling on the basic weekly benefit amount which applies for the wage level indicated. Dependents' supplements in Austria and the United Kingdom account for a substantial proportion (from a third to more than half) of the total benefit amount payable; they account for about a fourth of the total benefit amount in Illinois and Michigan. The benefit amounts payable at the average level of wages earned in manufacturing in Mississippi and Texas represent the benefit maximums in those states; this fact accounts for the relatively low proportions of wage-loss compensation there. In California, where the weekly benefit ceiling was $90 in 1975, the benefit formula provides compensation equal to less than half the prior weekly

6. If all state UI benefit provisions (as of July 1975) were applied to the national average weekly wage earned in manufacturing in 1974 ($176), the range for this claimant would extend from about one-third in Mississippi to 77 percent in Illinois.

Table 7
Estimated Weekly Benefit Amount Payable to Hypothetical Unemployed Worker and Percentage of His Wage Loss Compensated in Nine Countries and Nine Selected States of the United States, 1975

Country and currency	Average weekly manufacturing wage, 1974[a]	Weekly benefit amount payable, 1975[b]	Benefit amount as a percent of average wage
Austria (schilling)	1,780	[c]833	46.8
Belgium (franc)	4,586	2,751	60.0
Canada (dollar)	170	113	66.5
France (franc)	360	[d]145	40.3
Germany, F.R. (Deutsche mark)	373	187.80	50.3
Japan (yen)	33,825	20,295	60.0
Netherlands (guilder)	[e]363	290.40	80.0
Norway (krone)	735	[c]325	[f]44.2
United Kingdom (pound)	[g]49.10	[c]33.03	67.3
United States (dollar)			
Arkansas	129.36	65	50.2
California	188.25	82	43.6
Illinois	198.37	[c]135	68.1
Massachusetts	165.98	[c]95	57.2
Michigan	232.19	[c]128	55.1
Mississippi	125.29	60	47.9
New York	178.48	90	50.4
Texas	166.06	63	37.9
Wisconsin	197.43	99	50.1

Note: It is assumed that, when employed, the worker had supported a wife and two children on the 1974 average weekly wage in manufacturing.

a. For countries other than the United States, represents 1974 wage as derived from data in *Yearbook of Labor Statistics,* International Labor Office, Geneva, 1975, tables 13B and 19B; for selected states of the United States, represents average weekly earnings in 1974 of production workers in manufacturing taken from *Employment and Earnings,* U.S. Department of Labor, Bureau of Labor Statistics, May 1975, pp. 136-140.

b. For the nine countries, based on provisions displayed in table 6; for the United States, based on *Significant Provisions of State Unemployment Insurance Laws,* U.S. Department of Labor, Manpower Administration, July 15, 1975.

c. Includes dependents' supplements.

d. Unemployment assistance supplements of 21.60 francs per day also payable—and without an income test during first 3 months of unemployment.

e. Estimated for October 1974 by applying percentage change in wage-rate index from 1973 to 1974 to October 1973 weekly wage (1974 weekly wage not available).

f. Under an altered benefit formula that became effective in late 1975, the weekly benefit amount payable would have compensated 53 percent of the wage.

g. For male workers.

wage at some benefit levels well below the ceiling; elsewhere throughout the country, weekly benefit amounts below the ceiling are designed to compensate at least half the lost weekly wage.

These comparisons of UI benefits to wages at average earnings levels focus on the proportion of the *gross* wage loss compensated. In all of these countries social insurance contributions and, usually, income taxes are withheld from earnings so that the *net* wage loss is less than the gross amount. Moreover, the UI benefits received may not be subject to taxes. The proportion of the net wage loss compensated by the benefit amount may be higher than that indicated on the gross wage basis in table 7. Adequate information on taxes and contributions deducted from wages was not available to permit comparisons on a net wage and benefit basis. UI benefits are not subject to income taxes in Austria, Belgium, Japan, Germany (F.R.), the United Kingdom, and the United States; they are taxable in Canada, France, the Netherlands, and Norway.[7] Social insurance contributions are also deducted from benefits in the Netherlands.

The analysis in table 7 takes no account of family or children's allowances, which are payable in all of the countries covered in the table except the United States. No allowances would be paid to our

7. Information based in part on Constance Sorrentino, "Unemployment Compensation in Eight Industrial Nations," *Monthly Labor Review,* July 1976, p. 21.

hypothetical worker in Japan since they are paid only to those with three or more children. In all other countries, the worker portrayed would receive some allowances, the same amount when working as when drawing benefits.

Benefits for Partial Unemployment

The term *partial unemployment*, as used here, means that although employment continues, the working hours are temporarily reduced to below normal full-time levels, resulting in a curtailment of the worker's earnings. Workers who take employment on a part-time basis because they cannot find or are not prepared to engage in full-time employment are usually designated as part-time workers and are not considered to suffer partial unemployment.

When employers find that they have a temporary surplus of manpower, they may make arrangements to reduce hours of work or to operate intermittently rather than to lay off workers whose experience and skills they will eventually need again. This situation frequently occurs in the highly industrialized countries of Western Europe, often as a result of structural changes. Many of these countries also encourage reduced work schedules to minimize total layoffs during periods of heavy cyclical unemployment, as in 1975.[8] Under some arrangements the workers concerned continue to draw their regular wages by virtue of their employment contract. Under other arrangements they accept reduced earnings, which may be supplemented by compensatory allowances paid under their employment contract, or under a statutory unemployment insurance program, or through a special partial unemployment insurance fund.

The application of provisions concerning the payment of benefits in a case of partial unemployment requires a clear delineation of the circumstances in which such unemployment arises (specifying the rights and obligations of the employer) and of the conditions for payment of benefits (specifying the obligations of the worker). Generally an employer's decision to reduce the work schedule must have prior approval by the competent authority if the workers are to receive

8. Between 1974 and 1975 the number of workers on short time increased at a far higher rate in France, Germany, and the Netherlands than did the number of totally unemployed workers in these countries. See National Commission on Manpower Policy, Special Report No. 3, *Recent European Manpower Policy Initiatives* (Washington, D.C., Nov. 1975), p. 8.

85

compensation. Authorization is sometimes based on liberal principles allowing the employer considerable freedom in introducing short-time or intermittent work, irrespective of the reasons. In Germany (F.R.), for example, the employer may be permitted to shorten the hours of work, but the authorities decide whether and for how long the benefits are to be paid. Where a serious shortage of manpower exists, however, authority may not be granted for the payment of partial unemployment compensation to workers placed on reduced work schedules by employers with a temporary surplus of labor, and such workers may be encouraged to take other full-time jobs.

Whatever the nature of the program to provide benefits in case of partial unemployment, the following principles generally apply: the amount of the benefit is based on hours of work lost and previous wage rates; the benefit paid, together with the reduced wage, may not exceed the former full-time earnings; the reduction or suspension of work is temporary, and the partial compensation is strictly limited in duration; for the purposes of the acquisition and maintenance of rights to benefit under other branches of social security, the beneficiaries are considered not to have had a diminution in or interruption of work; the compensation is financed in full or in part by the employer and paid directly by him; full employment remains the essential objective, and special provisions make it possible for the placement services to follow and supervise the situation with a view to obtaining full-time employment for the workers concerned if the regular work schedule cannot be reestablished.[9]

Compensation is paid for partial unemployment under unemployment insurance programs in Belgium, Denmark, Finland, France, Germany (F.R.), Italy, the Netherlands, South Africa, Spain, Sweden, and Switzerland unless the employers concerned are bound by collective agreements or by contracts to provide other work or, if this is not possible, to pay full wages to their workers when they are on short time. Collective agreements in Austria provide for allowances to workers placed on a short-time schedule. In France a special national labor-employer agreement provides for the payment of supplementary hourly allowances for partial unemployment; these allowances are financed entirely by individual employers without pooling, and they may be combined with public unemployment assistance allowed for reduced

9. Louis Levine, *The Public Employment Service and Economic Policy*, Deliberations of a Working Party (Paris: Organization for Economic Cooperation and Development, 1969), p. 16.

workdays. In Italy benefits for partial unemployment are paid out of a separate contributory fund maintained by the National Social Insurance Institute; initially of contractual origin but now on a statutory basis, the fund is administered jointly by committees of employers' and workers' representatives. The employer pays the benefits to his workers and then claims reimbursement.

The United States and Canada have no provisions in their unemployment insurance programs specifically designed for workers who become partially unemployed, as the term has been applied here; these two countries offset limited earnings against the benefit amount payable for total unemployment. All states of the United States but one provide for the payment of partial benefits representing the claimant's full weekly benefit amount—that payable for total unemployment—less wages earned on a reduced work schedule or in other part-time work. The full benefit amount is reduced by earnings exceeding specified levels which are set so as to encourage the claimant to accept some part-time work.

In Canada, if an unemployed person has earnings in a week when he is entitled to unemployment benefits, the amount of such earnings in excess of 25 percent of his weekly benefit amount is deducted from the benefit amount otherwise payable for that week. Several other countries offset limited earnings against the benefit amount payable. Austria deducts all such earnings; Germany (F.R.) and Japan deduct earnings above specified amounts.

VI. THE DURATION OF BENEFITS

Unemployment insurance is intended to tide unemployed workers over relatively short periods while they are without earnings. In periods of low unemployment, most workers who lose their jobs can usually find new ones within a short time. Always, however, there are some unemployed workers who for one reason or another cannot readily find or be placed in new jobs. Questions arise as to how long such workers should be supported by an unemployment insurance system whose cost usually is borne largely by all covered workers and their employers, and to what extent public authorities should assume responsibility for maintaining the long-term unemployed from general public funds, just as they maintain other categories of persons who, for some reason, cannot provide for themselves. The government may subsidize unemployment insurance funds to lengthen the period of support for the unemployed, as it does in Canada, or it may maintain a special unemployment assistance program to protect those who remain without work and without means after they have exhausted their unemployment insurance benefits. The later practice obtains in a number of European countries (see table 3).

Waiting Period

Unemployment insurance generally, but not always, requires a brief initial waiting period, that is, a noncompensable period of unemployment when the claimant is otherwise eligible for benefits (other social insurance programs do likewise for short-term contingencies). A waiting period eliminates the payment of benefits for very short interruptions of work, which will not cause real hardship to the workers affected. It discourages minor claims, reduces the workload of the administration, and controls possible abuses by persons who are unemployed voluntarily. It also results in lower benefit and administrative costs and thus affects the amount of contributions to be paid by the parties who finance the scheme. The savings in benefit cost can be substantial.

Almost all unemployment insurance schemes require a waiting period beginning on the date that the claimant first registers his unemployment and files his claim. Practice varies with regard to the nature of the waiting period. In some countries it consists of consecutive days immediately preceding, or within a period immediately preceding, the award of benefits, and it must be served for each spell of unemployment.

In others, the waiting period may be somewhat longer but served only once in a benefit or calendar year.

Forty states of the United States (states include the District of Columbia and Puerto Rico) require that a waiting period of 1 week or 7 days be served by the claimant, but only once in a benefit year even though he may have more than one spell of unemployment in that year. In the other 12 states no waiting period is required. In 10 states the waiting period is retroactively compensable after the passage of a specified number of consecutive weeks of compensable unemployment. There has been a gradual trend in the United States toward the elimination of, or retroactive payment for, the waiting week. Most of the early state laws provided for waiting periods of 2 or more weeks.

Under the Canadian program the waiting period, which had been 1 week before 1971, was extended to 2 weeks at the beginning of an initial benefit period on the grounds that the longer period would facilitate the determination of entitlement, prevent abuse, and reduce costs. The change took account of studies which had shown that workers generally have sufficient funds to tide them over such a short period of unemployment.

In most countries the waiting period must be served at the beginning of each spell of unemployment although brief, discontinuous periods of unemployment occurring within a specified time frame may be counted as a single spell for this purpose. The waiting period per spell is 1 day in France; 3 days in Austria and Norway; 5 days in Sweden; and 6 or 7 days in Egypt, Greece, Italy, and South Africa. In Ireland and the United Kingdom, the waiting period for each spell of unemployment is 3 days for the flat-rate benefit and 12 days for the wage-related supplement. As in most of the United States, in several countries a waiting period is specified to be served once during a year—1 day in Switzerland; 5 days in Finland; and 7 days in Japan. In Iceland the waiting period is 36 days in a year, but in exceptional circumstances it may be reduced to 15 days.

There is no waiting period under the compulsory general insurance program in the Netherlands; however, the funds set up by various industrial associations to provide benefits in an initial period of unemployment may prescribe a waiting period at the beginning of each spell of unemployment, and they frequently do so. No waiting period is required in Belgium if the unemployment has lasted 2 days or more, and none is required in Denmark, Germany (F.R.), or Spain.

In some countries the normal waiting period may be extended with respect to certain classes of workers the genuineness of whose unemployment may be difficult to test on the basis of a few days off work.

Duration Limits

Under some unemployment insurance schemes, the limit on the duration of benefits is uniform for all eligible claimants regardless of the amount of their past employment or contributions. Under other schemes the duration, up to a specified maximum, varies among individuals with the number of contributions, the length of previous employment, or the total amount of earnings. On the basis of the age of the claimant, his family responsibilities, or prevailing economic conditions, some schemes make exceptions to the normal or standard limits prescribed for duration.

Those persons who support uniform duration claim that variable duration provisions favor those workers who have been more steadily employed over those who have had less stable employment and who therefore have more need for longer benefit protection. They argue it is inherent in social insurance that the risk should be shared by and/or with respect to all covered workers, and that varying the duration of unemployment benefits in accordance with the extent of past employment or earnings or contributions would seem to be based not on the concept of social insurance, in which the risk is shared, but rather on the concept of individual savings or private insurance.[1] On the other hand, persons who favor variable duration stress the *earned rights* concept of insurance. Moreover, they suspect that significant numbers of workers who qualify for benefits with limited past employment are not genuinely or strongly attached to the labor market and may not want to work all the time. For this reason, they argue that the duration of benefits should be proportional to past employment, thus minimizing the benefits paid to such workers.[2]

In Canada, except during periods of high unemployment, the duration of weekly benefits depends on the length of the claimant's employment in

1. International Labor Office, *Unemployment Insurance Schemes* (Geneva, 1955), p. 176.

2. See the discussion of this issue in *Strengthening Unemployment Insurance: Program Improvements*, Report on Recommendations of the Institute's Unemployment Insurance Research Advisory Committee (Kalamazoo, Mich.: W. E. Upjohn Institute for Employment Research, May 1975), pp. 39-40.

the prior year. The duration of benefits to be paid varies from 18 weeks for claimants who had 8 to 15 weeks of employment to a maximum of 43 weeks of benefits for claimants with 51 or 52 weeks of employment. When national or regional unemployment rates exceed specified levels, all claimants may draw benefits 4 to 18 additional weeks, depending on how high the rate of unemployment is. Under no circumstances, however, may a claimant receive more than 51 weeks of benefits in all.

Under the regular or standard provisions of UI laws in the United States, eight states and Puerto Rico allow uniform duration of benefits to all eligible claimants—seven states up to 26 weeks, one up to 30 weeks, and Puerto Rico up to 20 weeks. Variable duration applies in all other states; the minimum duration payable in most of them varies from 10 to 15 weeks. The maximum is 26 weeks in most states, but it is higher in eight states and the District of Columbia—39 weeks is the highest. Formulas for varying duration differ substantially among the states. Some allow more weeks of benefits than others for the same amount of prior employment or earnings. If insured unemployment rates in the nation or in a state exceed specified levels, the *regular* duration entitlements may be extended by 50 percent up to a maximum of 39 weeks of regular and extended benefits combined. In late 1974, when very high levels of unemployment persisted, a special temporary emergency program was enacted by the federal government to provide even longer benefit protection. With the federal supplemental benefits thus provided, it became possible in 1975 and 1976 for some claimants to draw up to a total of 65 weeks of all benefits combined.

In 14 of the 22 countries listed in table 8, the standard duration provided is uniform for all beneficiaries, i.e., without regard to prior employment or contributions. Japan varies benefit duration mostly on the basis of age. Other countries vary duration essentially in accordance with prior employment or contributions. Belgium places no limit on duration of benefits.

Apart from the unlimited duration of benefits in Belgium, the most liberal standard duration provisions among the countries listed in table 8 are found in Denmark and Sweden. In Denmark eligible claimants may draw benefits continuously for as long as 2-1/2 years (130 weeks) after which they can no longer qualify for further benefits without further employment; at that point they are unable to meet the minimum qualifying requirement of 1/2 year (26 weeks) of employment in the prior 3 years. Benefits in Sweden can be payable to all eligible claimants for as long as 300 days, or 60 weeks; longer duration (90 weeks) is allowed for

Table 8
Standard Duration of Unemployment Insurance Benefits and Related Provisions in Twenty-two Selected Countries, 1975

Country	Standard duration of benefits	Basis of duration	Period of entitlement	Significant additional provisions
Austria		Insured employment:	3 years[a]	
	12 weeks	20 weeks in last year		
	20 weeks	52 weeks in last 2 years		
	30 weeks	156 weeks in last 5 years		
Belgium	Unlimited	Uniform	Spell of unemployment	Benefits may be withheld if unemployment is prolonged unduly or recurs abnormally; benefits cease at age 65 for men, 60 for women.
Canada	18-43 weeks of initial, reestablished, and extended benefits:[b]	Insured employment in last year, or since start of last initial benefit period, if shorter:		Duration of benefits is further extended by 4 to 18 weeks nationally or regionally when unemployment rate exceeds specified levels, but duration of all benefits paid may not exceed 51 weeks.
	Initial benefits			
	8 weeks	8-15 weeks	18 weeks	
	9-12 weeks (variable)	16-19 weeks	20-26 weeks	
	15 weeks	20 or more weeks	29 weeks	
	Reestablished benefits			
	10 weeks	Uniform	10 weeks directly after end of initial benefit period	
	Extended benefits			
	2 weeks	20 weeks	After exhaustion of reestablished benefits	
	3-18 weeks (variable)	21-51 weeks		

Table 8 (continued)

Country	Standard duration of benefits	Basis of duration	Period of entitlement	Significant additional provisions
Denmark	2-1/2 years[c]	Uniform	Spell of unemployment	
Egypt	16 weeks 28 weeks	Contributions for 12 months Contributions for 36 months	Spell of unemployment	
Finland	150 days with maximum of 5 days per week, i.e., 30 weeks	Uniform	Calendar year	Duration has been extended in recent years to 210 days in calendar year on an ad hoc basis.
France	365 days (12 months)	Uniform	Spell of unemployment	Duration is 609 days for claimants age 50 to 55 and 730 days for those over 55; benefits not payable after age 65.
Germany, F.R.	78-312 days (13-52 weeks)	Insured employment in last 3 years (3 days' benefit per week of employment): 26-104 weeks	3 years[a]	

Greece	50 days (2 months)	125 days of insured employment in last year	Spell of unemployment	No more than 300 days of benefits allowed in any 4-year period.
	75 days (3 months)	150 days of insured employment in last year		
	125 days (5 months)	180 days of insured employment in last year		
Iceland	4 months	Uniform	1 year	
Ireland	*Flat-rate benefit* 312 days (52 weeks)	Uniform	Spell of unemployment[d]	Claimants under age 18 and wives supported by husbands limited to 26 weeks of benefits; duration not limited for claimants age 65 to 67 with 156 weeks of contributions during last 3 contribution years (benefits cease at age 67).
	Supplemental wage-related benefit 303 days (50.5 weeks)	Uniform		
Israel	138 days (23 weeks); no more than 120 days (20 weeks) in one continuous spell	Uniform	1 year	Duration is 175 days for claimant over age 45 or for claimant with 3 or more dependents; duration is extended within periods of high unemployment.
Italy	180 days (30 weeks)	Uniform	1 year	Duration may vary from standard level for certain types of unemployment or workers.

Table 8 (continued)

Country	Standard duration of benefits	Basis of duration	Period of entitlement	Significant additional provisions
Japan	90 days (15 weeks)	Less than 1 year of insured employment or under age 30	1 year	Labor Minister may allow 90 additional days of benefits if unemployment exceeds prescribed levels.
		1 year of insured employment:		
	180 days (30 weeks)	Age 30-44		
	240 days (40 weeks)	Age 45-54		
	300 days (50 weeks)	Age 55 and over		
Netherlands	130 days (26 weeks), including days of any waiting allowances paid from industry funds (usually up to 40 days)	Uniform	1 year	
Norway	21 weeks	Uniform	Calendar year	Duration is 30 weeks for claimants age 50 to 65 and unlimited during calendar year for claimants age 65 to 67; benefits cease at age 67.
South Africa	2+ to 26 weeks	1/4 of weeks of contributions during Jan. 1950-July 1962 and 1/6 of weeks of contributions thereafter	Spell of unemployment	No more than 26 weeks of benefits in any period of 52 consecutive weeks.

Spain	6 months	Uniform	Spell of unemployment	Duration may be extended to 12 months at discretion of labor office following investigation of claimant's circumstances.
Sweden	300 days with maximum of 5 days a week, i.e., 60 weeks	Uniform	Spell of unemployment	Duration is 450 days for claimants age 55 to 67; benefits cease at age 67.
Switzerland	120 days (24 5-day or 20 6-day weeks)	Uniform	1 year	Duration may be extended to 180 days for certain occupations or regions or for the nation by federal executive order; no more than 315 days of benefits may be drawn during a 4-year period; after age 65, worker is not entitled to more than 360 days of benefits.
United Kingdom	*Flat-rate benefit* 312 days (52 weeks)	Uniform	Spell of unemployment[d]	
	Supplemental wage-related benefit 156 days (26 weeks)	Uniform		

Table 8 (continued)

Country	Standard duration of benefits	Basis of duration	Period of entitlement	Significant additional provisions
United States[e]	20 weeks (1 state) 26 weeks (7 states) 30 weeks (1 state) Up to maximum of: 26 weeks (34 states) 28 weeks (2 states) 30 weeks (3 states) 34 weeks (2 states) 36 weeks (1 state) 39 weeks (1 state)	Uniform Uniform Uniform Amount of past employment or earnings in accord with diverse formulas	1 year	In periods of high unemployment, duration is extended on a national or state basis by 50% of standard (regular) duration up to maximum of 39 weeks of regular and extended benefits combined. (Temporary emergency extensions in 1975-76 provide for additional or supplemental benefits up to limit of 65 weeks for all benefits.)

a. A new period of benefit entitlement may be established based on recent employment if previous entitlement is exhausted before the 3-year period expires.

b. If claimant remains or is again unemployed after initial benefit period expires, claim may be reestablished for a further period of 10 weeks of benefits; extended benefits are payable after exhaustion of initial and reestablished benefits or after expiration of initial and reestablished periods.

c. Law does not specify limit on duration, but claimant who has been unemployed and drawing benefits continuously for 2-1/2 years is no longer eligible for further benefits without new employment; at that point he no longer meets the qualifying requirement of at least 1/2 year (26 weeks) of employment in the 18 years prior to his claim for another week of benefits.

d. Spells of unemployment and sickness not more than 13 weeks apart are treated as a single spell.

e. States include the District of Columbia and Puerto Rico.

workers 55 to 67 years of age. Claimants can qualify in Sweden with 5 months of employment in the last 12 months, provided they have had 12 months of employment since entering insured work. Among other countries providing uniform duration, France pays benefits up to 1 year; so do Ireland and the United Kingdom for flat-rate benefits, but the wage-related supplements are limited to somewhat less than a year in Ireland and to 26 weeks in the United Kingdom. Benefits are payable to all eligible claimants for as many as 30 weeks in Italy and Finland, 26 weeks in the Netherlands and Spain, 24 (5-day) or 20 (6-day) weeks in Switzerland, 21 weeks in Norway, and 4 months in Iceland.[3]

Japan provides a maximum benefit duration of 90 days (15 weeks) to claimants who have had less than 1 year of insured employment or who are under age 30; for those with 1 year of insured employment who are age 30 or older, the maximum duration allowable is longer and varies by age class up to 300 days (50 weeks) for those age 55 and over. Other countries provide variable duration on the basis of employment or contributions, with maximum duration as high as 52 weeks in Germany (F.R.), 30 weeks in Austria, 28 weeks in Egypt, 26 weeks in South Africa, and 5 months in Greece, compared with a limit of 43 weeks in Canada and 26 weeks in most of the United States. Among the variable duration states of the United States, 39 weeks of employment in the prior 1-year base period, or the equivalent in earnings, will usually qualify a claimant for 26 weeks of benefits. In Canada, such employment will qualify for 37 weeks of protection. That much employment affords fewer weeks of protection in other countries with variable duration, ranging from 5 months in Greece to about 20 weeks in Germany (F.R.), 16 weeks in Egypt, 12 weeks in Austria, and about 7 weeks in South Africa. In the last four countries mentioned, the maximum duration is based on employment measured over 3 or more years immediately preceding the claim.

Apart from Canada and the United States, Israel and Japan also increase the duration of benefits allowable during periods of high unemployment. Standard duration has been extended in Finland and can be extended in Switzerland under certain conditions. Spain may extend the duration for individual claimants if circumstances so warrant. Longer than standard duration of benefits is allowed for older workers in France, Ireland, Israel, Norway, and Sweden; and for handicapped and

3. Late in 1975 standard duration limits were increased to 40 weeks in Norway and to 30 (5-day) or 25 (6-day) weeks (total of 150 days) in Switzerland.

other hard-to-place workers under age 55 in Japan. Japan also provides longer benefit duration for claimants who take public vocational training or who relocate to find work elsewhere.

As shown in table 8, the benefit duration limit may apply to each spell of unemployment, or it may apply to a specified period of time, usually 1 year. In the latter case there are provisions to deal with spells of unemployment which begin during the latter part of the reference or benefit year and continue into the next year.

Minimum International Labor Organization Standards

The unemployment benefits standards contained in the ILO Social Security (Minimum Standards) Convention, 1952 (No. 102) cover provisions for the waiting period and the duration of benefits in UI schemes. With regard to the waiting period, the standard specifies that no more than the first 7 days of unemployment in each spell of unemployment should be uncompensated. Benefits should be payable subject to a maximum duration of not less than 13 weeks within a period of 12 months. If the duration of benefits determined for individual claimants varies with the length of their contribution periods or with the amount of their employment or earnings, the standard is considered met if the *average* duration allowed is at least 13 weeks within a 12-month period. In the case of unemployed seasonal workers, these provisions may be adapted to the employment conditions.

VII. WORKERS SUBJECT TO SPECIAL TREATMENT

In many countries certain categories of workers receive special treatment with regard to unemployment benefits, mainly because of the relatively unique circumstances of their employment, unemployment, or labor force status. These circumstances may make application of the standard provisions of the general unemployment insurance schemes to such workers especially costly, difficult to administer, or simply inappropriate. Moreover, there may be greater than usual public concern about the genuine availability for work of particular types of workers who claim benefits, frequently relating in one way or another to their age or sex. On the other hand, there may be a desire to provide more generous benefit protection to certain types of unemployed workers than is available under the standard unemployment insurance provisions.

To avoid or minimize such problems and concerns, countries may adopt various special approaches. The simplest and most drastic is to exclude certain groups from any unemployment insurance protection altogether. Many of the exclusions from coverage noted in table 4, chapter III, are of this character. Another approach is to establish separate unemployment insurance schemes for particular categories of workers, usually defined in terms of industry or occupation, which provide protection on a basis different from that of the general schemes and which are independently financed. A third approach is to include certain groups under the general scheme but to subject them to special provisions. The major categories of workers given special treatment and some of the relevant provisions or methods are now described. These groups include seasonal workers, women workers, young workers, older workers, and migrant workers.

Seasonal Workers

The term *seasonal worker* is used here to refer to a person who works in an undertaking that reduces or ceases operations every year for a considerable interval at more or less the same time of the year, and who is therefore likely to be unemployed in a relatively long off-season. Much seasonal employment is found in agriculture and the processing of agricultural and other food products, construction, lumbering, manufacture of clothing, and the hotel and tourist industries. Many workers depend on seasonal employment for all or most of their

livelihood; some seek, but do not always find, other employment when not engaged in their normal seasonal activities.

One problem with compensating seasonal workers when they are not working is the concern that many of them may not be genuinely interested in other work, but their availability for work cannot be tested adequately owing to the lack of other job opportunities at such times. The additional point is often made that a seasonal worker can be assumed to suffer loss of wages only if he loses his job during the season because his loss of employment at the end of the season is predictable. Some schemes compensate seasonal workers only if they have also been employed in the off-season and have lost their off-season employment under conditions that normally give entitlement to unemployment benefits. In one way or another many countries place some restrictions on the benefit rights of seasonal workers.

The three courses which have been followed with regard to coverage, eligibility, or benefit rights of workers who have been engaged in seasonal employment are: (1) to include seasonal workers in the general unemployment insurance program on the same terms as other employees; (2) to admit seasonal workers to unemployment insurance protection but to require additional qualifying conditions for the right to benefits, or to restrict the amount or duration of the benefits allowed; and (3) to exclude seasonal workers from unemployment insurance protection. Where the first alternative is adopted, seasonal workers may in fact be barred from benefit anyway if they have not worked long enough to qualify. The second alternative has advantages provided that the additional qualifying conditions or benefit restrictions are not too stringent and can be administered easily and equitably. The proponents of the third alternative argue that, where the labor market in which certain seasonal industries are located is depressed, seasonal workers might draw benefits to such an extent as to jeopardize the financial position of the program.

In the United States all three alternatives have been used. Most state laws have no special provisions or restrictions applying to seasonal unemployment. In the main, the states rely on the qualifying requirement to screen out workers with very limited employment, including those who work only during a short season. Some state qualifying requirements, however, are relatively mild, enabling some short-season workers to qualify, albeit usually for a limited duration of benefits as a result of the variable duration provisions.

Twenty-four of the early state unemployment insurance laws in the United States restricted the benefit rights of workers in seasonal employment. Only 13 states still have special restrictive seasonal provisions (as of 1975). The most frequent restrictions provide that benefits allowed on the basis of work or wages earned in seasonal employment, as defined under special procedures, are payable only for weeks of unemployment that fall within the operating period of the employer or industry where they were earned; benefit rights based on nonseasonal work or on employment with a seasonal employer outside the operating period apply at any time in the benefit year. The trend has been away from seasonal provisions; they have not proved to be very significant in practice in any case.[1]

While seasonal workers, as such, have not been excluded from coverage in the United States, employment in certain industries which are highly seasonal has been. Among these are agriculture, still generally excluded, and some agricultural processing activities, most of which are now covered.

Before 1971 the normal qualifying requirement for regular benefits under the Canadian program was at least 30 weekly contributions in 104 weeks prior to the claim, with some of these contributions required in the more recent part of that 2-year period, especially after the start of the last preceding regular benefit period. These requirements for benefits were relaxed during a period of 5-1/2 months, commencing with the first weeks of December in each year so that claimants who were unable to fulfill the contribution requirements for regular benefits could qualify for *seasonal benefits* during this period. They could qualify for such benefits if they had at least 15 contribution weeks during the financial year (12 months ending in March), or if they had terminated regular benefits after the previous mid-May. Under the current law, only 8 weeks of insurable employment are required to qualify for benefits; special treatment favoring seasonal workers therefore appears unnecessary. However, the Unemployment Insurance Commission is empowered, with the approval of the Governor-in-Council, to impose additional conditions and terms with respect to the payment, receipt, and amount of benefits for persons working in seasonal employment. So far this authority has not been used.

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1. Merrill G. Murray, *The Treatment of Seasonal Unemployment Under Unemployment Insurance* (Kalamazoo, Mich.: W. E. Upjohn Institute for Employment Research, April 1972), p. 72.

As do Canada and most states in the United States, a few European countries appear to treat seasonal and other workers alike with regard to unemployment insurance. Some countries maintain special programs for workers in certain highly seasonal industries or occupations. (These are noted on table 4 in chapter III.) For example, there are special programs for building or construction workers in Austria, Belgium, France, and Ireland, and for agricultural workers in France, Italy, and Spain. Such programs are maintained apart from the general UI schemes in these countries and have their own provisions concerning contributions, eligibility, and benefits which are usually different from corresponding provisions of the general schemes.

In other countries seasonal workers are covered under the general UI scheme, but special provisions apply which affect their benefit rights or eligibility. Special provisions may also govern the contributions to be paid by or for persons who do not work regularly, such as dockworkers, lumbermen, fishermen, etc.

In Italy seasonal workers employed for less than 6 months in a year are not required to be insured and thus may not be protected. However, workers in certain seasonal industries in Italy are entitled to special benefits if they become unemployed in the active season; the types of industries so covered and the duration of the active season are prescribed annually by region. In Japan seasonal workers are afforded special treatment; and employment in seasonal establishments which operate less than 4 months of the year is not covered. In Greece, where the tobacco industry is of major importance and the sole source of income for many workers, the government annually fixes the number of days of work in this sector in the preceding year which gives entitlement to benefits, and the qualifying employment period is somewhat shorter for these workers than for workers in other industries. By contrast, in the Netherlands, the normal qualifying period of employment may be increased for seasonal workers by 30 to 130 days, depending on the nature of the work and the period or periods in which it was performed. Sweden has special restrictions regarding the number of days of benefits allowed during the slow season to workers exposed to seasonal unemployment, notably seafarers and certain transport workers.

In Switzerland, where the waiting period to be served before a claimant may receive unemployment compensation is normally 1 day in a year, a seasonal worker, when unemployed during the off-season, can be required to serve a longer waiting period equal to 1 day for each week of

work, with a maximum of 12 days during a spell of seasonal unemployment and a total of 24 days in a calendar year. Also, Norway may prescribe a longer than normal waiting period for a seasonal worker. In the United Kingdom, an unemployed seasonal worker may draw UI benefits in his off-season if, besides fulfilling all the usual eligibility conditions, he has already had some *substantial* employment in his current off-season or can reasonably expect to obtain such employment, the latter depending on his past experience and local employment conditions.

The two International Labor Organization Conventions dealing with the provision of benefits or allowances to the involuntarily unemployed recognize the special situation of seasonal workers. The Unemployment Provision Convention, 1934 (No. 44) requires ratifying members to apply the Convention provisions to all employed persons with permissive exceptions, which include "workers whose employment is of a seasonal character, if the season is normally less than 6 months' duration and they are not ordinarily employed during the remainder of the year in other employment covered by the instrument." The Social Security (Minimum Standards) Convention, 1952 (No. 102) permits members which ratify the part dealing with unemployment benefits to adapt the duration of benefits and the waiting period to the conditions of employment of seasonal workers.

Women Workers

Most but not all unemployment insurance programs include men and women on equal terms in the categories of workers protected in the event of unemployment. Because of traditional views which emphasize the prime roles for women as those of mother and homemaker, however, the unemployment of a woman is less likely to be presumed involuntary than is that of a man. Also, generally it is not strongly presumed or broadly held that unemployed women need as much benefit support as do unemployed men (or that such women need any support whatever). As a result, there are special provisions which may restrict the unemployment benefit rights of women under certain circumstances. These traditional views of women are undergoing change, however, as increasing proportions of women enter paid employment and establish a stable attachment to the labor-force. Their special treatment as a class under unemployment insurance, where applied, has therefore become subject to increasing challenge.

Only a few states of the United States have public programs that pay cash benefits for loss of work in the event of sickness or maternity. Some provision for financial aid to women on maternity leave does exist under collective agreements, or through sick leave plans for certain categories, such as government and white-collar office workers. Almost half the state UI laws contain provisions which in effect disqualify pregnant women from benefits whether or not their unemployment is actually caused by pregnancy. One state provides by regulation that pregnancy creates a presumption of inability to work after the 5th month without regard to the actual reason for the termination of employment. In some states, statutory provisions are interpreted to presume that an unemployed pregnant woman, regardless of her actual ability to work and availability for work, is unable to work and unavailable for work on account of her condition; or that the unemployment of a pregnant woman is the result of her pregnancy. Other state laws hold that a pregnant woman who has left her employment has done so voluntarily and is therefore disqualified from benefits. By contrast with the foregoing presumptions, some states apply the ability-to-work rule and determine a woman's entitlement to benefits on the basis of a medical or agency opinion. Many states disqualify women for not less than a prescribed period before and after childbirth. Where a woman is unemployed before or after childbirth, some states require that she have some subsequent earnings to requalify for unemployment benefits; others impose a delay in entitlement for some weeks after she reestablishes her ability to work. In the United States practices of this nature which have operated against women are being successfully challenged in the courts on grounds of discrimination, with the result that such provisions are being modified or repealed in an increasing number of states.[2]

Fifteen states have special provisions concerning eligibility for unemployment benefits of workers who left their jobs to get married, to move with a spouse or family, to care for family needs, or to perform duties in the home. Whether or not they specifically refer to women, the practical application of these provisions has been confined primarily to women. In most circumstances, the claimant who leaves for one of these reasons is held to have quit *without good cause* and is ruled ineligible for benefits, usually for the duration of unemployment or until he or she has had at least a specified amount of earnings or employment after the

2. Beginning in 1978, federal law prohibits states from denying benefits to unemployed women *solely* on the grounds of pregnancy.

event. If the disqualification were imposed simply for voluntarily leaving or for being unavailable for work, in many cases the claimant could become eligible for benefits after serving a period of disqualification or upon being again available for work. Here, too, the states have recently been modifying or repealing such provisions in response to charges of discrimination against women.

Canada protects workers against wage loss under unemployment insurance whether their idleness is the result of layoff, maternity, or sickness. The Canadian qualifying requirement for maternity benefits, which is 10 or more weeks of insurable employment in the 20 weeks that immediately precede the 30th week before the claimant's expected date of confinement, limits the payment of benefits to women who were in insurable employment before the date of conception.

In the United Kingdom married women generally receive a lower rate of benefit than do men; furthermore, married women may opt to be excluded from participation in the unemployment insurance branch of the national insurance program and many do so. The Swiss federal law on unemployment insurance makes no special reference to the exclusion of women, but a few cantonal funds do not accept them as members. In some cantons with compulsory coverage in general, married women who are employed are not required to become members of UI funds. Unemployment insurance schemes which exclude from coverage workers over specified ages sometimes specify a lower age limit for women than for men; this difference reflects the ages at which old-age pensions become payable for men and women. Such is the case, for example, in Belgium, Israel, Switzerland, and the United Kingdom.

Young Workers

Much unemployment occurs among young persons who are new members of the labor force or who have had a job for only a short time and have been laid off. Such youths are not normally eligible for unemployment insurance benefits because they cannot fulfill the qualifying conditions of employment or contribution. Since they usually need help in seeking work or training, a number of countries have taken special measures on their behalf.

Several countries provide for the payment of unemployment insurance or assistance benefits to young persons who have not yet worked but who have completed certain studies or an apprenticeship. In Belgium, where 75 days of insured employment are required of claimants under age 18 to

qualify for UI benefits, and 150 days for those age 18 to 26, benefits are payable to claimants under age 25 who have just completed their education or training (other than those in the early years of secondary education) if they have been registered as seeking employment for 75 days. The benefits are payable for up to 1 year, and the period during which they can be drawn may be extended for time spent in military service or for other special circumstances. To young people who are about to leave or who have recently left school or university, the United Kingdom has granted more lenient qualifying conditions for unemployment benefits than those applying normally to other claimants. Under the French unemployment assistance program, allowances are paid to young workers attending vocational training courses. Furthermore, young persons in France are entitled to unemployment assistance allowances, with various supplements, even before they have been employed, provided that they have reached age 17 and fulfill prescribed conditions. In Denmark youths who have reached age 18 and have participated in training programs are immediately eligible for special compensation for loss of income if they cannot find work; these allowances are financed by the state. Sweden, under its labor market support program, which came into effect in 1974, provides unemployment assistance benefits to persons at least 16 years old who have had no work experience and who are seeking work for the first time; they become eligible for such benefits after a 3-month period in which they have actively been seeking work.[3] In none of these countries (Denmark, France, and Sweden) where unemployment insurance is provided through trade union funds or a labor-management system are the membership, employment, or contribution requirements for UI benefits waived for unemployed youths with no prior work experience.

No special treatment is accorded to youths under the unemployment insurance program in Canada or the United States. In the United States, however, special provisions in some states restrict the benefit rights of students who may work as well as attend school; in effect, such provisions apply to many young people.

Older Workers

The decline in physical capacity that generally accompanies the process of aging often makes older workers less productive than younger persons

3. See Max Horlick, "Social Security Provisions for Young Adults in Industrialized Countries," in *Social Security Bulletin*, Nov. 1971, pp. 29-36; and Lei. Haanes-Olsen, "Swedish Unemployment Program," *Social Security Bulletin*, March 1974, pp. 41-45.

in many kinds of work. The result has been a higher incidence of layoff in this age group, particularly when seniority rules do not govern. The same condition also has deterred employers from hiring older workers. For these reasons, long-term unemployment has been an especially serious problem among older workers. This problem has existed for a long time, but the situation has intensified in many countries, notably in Europe, in the light of structural changes in the economy and the technical conversion of industries. Various countries have addressed the problem in a number of ways, including special adaptations of their UI programs and accommodations in the relationship between unemployment insurance and old-age pensions.

Most unemployment insurance schemes exclude from coverage workers who have attained a prescribed age, which usually ranges from 60 to 70 years and is sometimes lower for women than for men (see table 4). In these schemes, unemployment insurance protection ceases when the claimant reaches the normal pensionable age.

There is no age cutoff for unemployment insurance coverage in the United States. Practically all the states bar or limit payment of unemployment benefits if the claimant is receiving a pension (see the section on Receipt of Income During Unemployment in chapter IV), although only a dozen of these states apply this limit to old-age benefits paid under the social security program. Most states reduce the unemployment benefit amount payable by the amount of the pension received. In Canada unemployment insurance benefits cannot be paid concurrently with a pension under a contributory public pension plan (the Canada or the Quebec Pension Plan), but they can be paid simultaneously with the noncontributory old-age security pension for which all residents from age 65 may qualify without a test of means. Receipt of a pension under a private retirement plan, which does affect entitlement to UI benefits in most of the United States, does not affect benefit rights in Canada or other countries.

Several countries have recognized the long-term unemployment problems of older workers by providing them with longer, often substantially longer than normal duration of UI benefits (see table 8, last column). Other countries have taken different approaches. In Austria and Germany (F.R.), for example, the retirement pension usually payable at age 65 may be paid from age 60 if the person concerned has been unemployed for a year or more. In Austria, where curtailment or closures in coal mining have produced unemployment for miners, special

assistance is granted to those who have attained the age of 55. The cost is shared equally between the unemployment insurance fund and the federal government. In France unemployed workers from age 60 to 65 may qualify for special allowances provided by the government through the National Employment Fund (see chapter X) if they have lost their jobs as a result of a collective dismissal and cannot find other employment.

Migrant Workers

Special problems arise in connection with the social security protection of workers who migrate from their country of origin to take up employment elsewhere. These problems vary with the long- or short-term nature of the contingency covered. (A long-term contingency might be old age, invalidity, survival of the breadwinner's death; a short-term one, unemployment.) Over the years, countries, particularly those of Western Europe, have gradually developed a network of bilateral and reciprocal agreements concerning the social security protection of migrant workers. The agreements aim generally to assure equality of treatment for nationals and non-nationals. They set out the means for determining which country should apply its social security laws to migrants. The agreements also cover the rules for maintenance of acquired rights of migrants and their rights in the course of acquisition, as well as the payment of benefits abroad to migrants after they leave the country in which they worked.

A basic principle of equality of treatment of nationals and non-nationals is that migrant workers should be insured under the social security laws of the country in which they work and should receive benefits on the same terms as national workers. Agreements between countries govern the means for deciding which specific laws apply to migrant workers who are affected when an insured contingency occurs. The agreements avoid conflict between two or more laws which might otherwise apply and deal with the lack of laws relevant to migrants. Normally the law applicable is the law of the place where the work is performed. Thus, migrant workers are normally subject to the terms of the social insurance laws of the country in which they work even though they return to and continue to reside in their country of origin. The maintenance of acquired rights and rights in the course of acquisition is particularly important for the long-term contingencies of invalidity, old

age, and survival of the breadwinner's death. The final principle, the guarantee that benefits are payable abroad, is most apparent in connection with long-term benefits; but progressively it is being extended to short-term benefits, including those paid to compensate for unemployment. Migrant workers who become unemployed in the country where they work may wish either to return to their homeland or to go to a third country where the employment market is more favorable. Thus, arrangements for the payment of benefits abroad are necessary to protect migrant workers. Complex technical, administrative, and financial procedures are applied under mutual agreements between nations with a view to adapting protection to the particular needs of migrant workers.

The ILO has long taken measures to promote equality of treatment of nationals and non-nationals in social security matters, including unemployment insurance. Its Unemployment Convention, 1919 (No. 2) required ratifying countries to make arrangements whereby workers of one country who go to work in another country would be eligible for the same rate of benefit as that available for workers who are native to the country of employment. In 1949 the ILO adopted the Migration for Employment (Revised) Convention (No. 97), which includes provisions relating to equality of treatment in social security, and later it adopted the Equality of Treatment (Social Security) Convention, 1962 (No. 118), which includes provisions relating to unemployment benefits.

In the last two decades, as a result of the great demand for workers by labor-short industrial nations of Western and Northern Europe and the large-scale migration of labor, principally from Southern Europe, concerted efforts have been made on a regional basis to promote the free movement of workers and to ensure their social security protection. In 1954, for example, an agreement providing for a free employment market and laying down the principle of nondiscrimination with regard to employment and dismissal was concluded by Denmark, Finland, Norway, and Sweden.

Regulations of the council of the European Economic Community (Common Market) covering migration, based on the Treaty of Rome (1957), which established the Community, came into effect in 1959. As subsequently amended, the regulations apply social security schemes, including unemployment insurance, to wage earners and their families who move around within the nine countries of the Community. A regulation which came into force in 1972 was intended to contribute to

the gradual establishment of a community employment market. The regulation states that migrant workers shall enjoy the same protection and treatment as national workers with regard to all conditions of employment and work, with special reference to remuneration and dismissal. Under the regulation, it is possible for workers who become unemployed in one member country to move on to another in search of work and to continue, for a period of not more than 3 months following their departure, to receive unemployment benefits based on their last job. The council of the European Economic Community has adopted new administrative arrangements to simplify relations between the insurance institutions themselves and also those between beneficiaries and the institutions.

The Council of Europe is concerned with the provision of full reciprocity and equality of treatment among its members in matters of social security. In this respect its objectives are the same as those of the European Economic Community, but 18 member countries are involved instead of 9 and among the 18 there are wide differences in the unemployment insurance programs concerned. The European Code and its protocol as adopted by the Council of Europe cover nine contingencies, including unemployment. The interim agreements of the European Economic Community are to be replaced by the European Convention on Social Security, which was opened for signature by the Council of Europe's Committee of Ministers in December 1972, and which has since come into effect and been ratified by nine members. Most of the provisions of the Convention apply automatically as soon as the Convention comes into force, but others are subject to the conclusion of additional multilateral or bilateral agreements.

Within the United States, where benefit rights are determined on the basis of individual state laws, there are interstate agreements, to which all states must subscribe, to protect the rights of those who live in one state and work in another and those who work in more than one state. Under these agreements a worker's claim for unemployment benefits payable under the law of a state in which he worked may be filed in any other state; the other state processes the claim and forwards it to the "liable" state. Moreover, the claimant's benefit rights are based on his combined covered employment and earnings in all states where he had been employed during his base period.

Unemployment insurance laws in the United States cover services performed outside the country by a United States citizen for a United

States employer, excluding services performed in Canada. The state in which such a worker is covered may be the state in which the employer has his principal place of business or the state in which the worker has his residence, elects coverage, or files a claim. The worker covered, if unemployed, must return to the United States and be available for work there to be eligible for benefits.

The United States and Canada have an agreement concerning the settlement of unemployment insurance claims of residents of one country who have acquired benefit rights in the other country. The agreement provides for an arrangement similar to that of the interstate claims procedures operating within the United States. Each state accepts, processes, and forwards to Canada claims filed for benefits under the Canadian law, and Canada reciprocates with respect to claims filed in that country for benefits under a state UI law. The benefits payable by Canada to workers who have returned to the United States do not include extended benefits.

VIII. FINANCING OF UNEMPLOYMENT BENEFIT PROGRAMS

Compared with other contingencies covered by social insurance programs, unemployment is subject to much greater uncertainty as to timing and incidence. Economic changes can occur quickly, severely, and often unpredictably in many respects, thereby producing sharp fluctuations in the levels of unemployment and, in turn, in unemployment insurance costs. Most, if not all, of the funds needed to finance UI costs come from compulsory contributions paid by covered workers or their employers or both. To minimize uncertainty for these contributors, it is desirable policy to avoid drastic year-to-year fluctuations in the amount or rate of their contributions. The challenge then is to manage UI financing in such a way as to cover uneven and unpredictable costs with adequate and reasonably stable flows of revenue. In pursuit of this goal, UI financing must consider the sources of revenue, the allocation of the cost burden among these sources, and the reserve policy to follow in absorbing the impact of sudden and heavy cost increases.

Sources of Revenue

Unemployment insurance benefit costs are financed through the pooling of resources usually derived from contributions paid by covered workers or by their employers or both; in many countries the government also helps to finance UI benefit costs through allocations of funds from general revenues. Generally the resources of the insurance system are pooled on a nationwide basis. In a few schemes, pooling occurs at a local or regional level, or on an industrial or occupational basis. The pooled resources are usually set aside in special funds reserved for the payment of benefits. Doing so tends to ensure a considerable degree of financial stability and, in turn, stability in benefit contribution rates.

Several reasons are advanced for obtaining part of the financial resources required for the operation of an unemployment insurance program from the insured workers. Such workers are familiar with the social insurance approach, and they accept cooperative and group obligations for this purpose. Where compulsory public programs were built onto, or were preceded by, the early developments of mutual benefit societies or union-organized funds, there are strong precedents

and tradition supporting worker participation in UI financing. Moreover, insured workers have a direct interest in the sound and successful operation of the system since it is one under which they can claim benefits as a matter of right. That interest readily links with responsibility through financial participation.

One of the arguments in favor of an employer contribution to unemployment insurance is that production costs should include not only the cost of the wages paid to employees but also the cost of insurance to guarantee an income to workers who are laid off. It is sometimes reasoned that, in a sense, the employer is responsible for unemployment. This view of unemployment as a cost of production, by and large, prevails in the United States where employers in all but three states bear the whole cost of unemployment insurance.[1] Other arguments in favor of employer contributions include the ease with which such contributions can be collected and the motivation afforded to employers to keep unemployment low and to help police abuse.

The third party that may contribute to finance UI benefits is the central government. In a few cases other public authorities, such as municipalities, also may share in the cost. The economic impact of the government contribution or allocation from general funds is determined by the tax and revenue structure of the country concerned. A government contribution is justified on the ground that society has some responsibility for the welfare of its members. The assigning of all financial responsibility for unemployment benefits to the government, however, would place a heavy burden on the general budget. (Total government financing occurs in unemployment assistance programs where the right to benefits is conditional upon a means or income test.)

Countries follow various practices in financing the cost of unemployment insurance benefits. The majority of countries, including Canada, finance UI benefits on a tripartite basis, involving workers, employers, and government. A few of these countries (notably Ireland, Norway, and the United Kingdom), which have a unified social security system, provide for UI benefit costs out of an overall contribution covering insurance for all contingencies. UI benefits are financed by workers and employers without government participation in France, Greece, Israel, and Spain. In Italy and in all but three states of the United States, employers meet all the costs of unemployment insurance benefits.

1. The UI system includes the District of Columbia and Puerto Rico as states.

Workers in Iceland do not contribute to the scheme; it is financed by employer contributions and by funds provided by the national and local governments. By contrast, employers do not contribute to unemployment insurance funds in Sweden; these funds are financed by worker contributions and government subsidies. In Switzerland public unemployment benefit costs are met by worker contributions and by subsidies from the federal and cantonal governments, while benefits paid from private *joint funds* are financed by employers and workers.

In the United States both the federal and the state governments impose taxes on employers to finance unemployment insurance costs. Employees contribute to state benefit funds in only three states. The federal tax on employer payrolls finances all administrative costs of unemployment insurance, both state and federal, as well as part of the costs of extended benefits paid during periods of high unemployment. Part of this tax is also used to accumulate a loan fund from which states may borrow, if necessary, to pay benefits. State UI taxes finance only the costs of benefits provided under state laws. State programs are financially independent of one another. No funds are provided out of the general revenues of either the federal or the state governments to pay for unemployment insurance benefits or administrative costs.[2]

In countries where unemployment assistance benefits are provided in addition to unemployment insurance (see table 3, footnote a), the assistance benefits are usually financed entirely by the central government out of general funds. This is the case in France and Germany (F.R.), where the government does not contribute to UI funds, and in the Netherlands, where it does. In Austria unemployment assistance (emergency aid) is financed partly by general government funds and partly by the UI fund; the Austrian government does underwrite any deficits that may arise from UI operations. In Finland, where the government subsidizes the voluntary UI funds, unemployment assistance for workers not eligible for unemployment insurance is financed by funds made available from general revenues by the national and local governments. General government funds in Italy finance *extraordinary* allowances paid to certain unemployed seasonal workers who are not covered by the UI program. The labor market support program in Sweden pays unemployment assistance benefits, subject to a means or

2. In periods of high unemployment when heavy benefit outlays may exhaust federal UI trust fund reserves for loans to the states and for extended benefits, advances may be made from the general funds of the federal government to replenish these reserves. The advances, however, are eventually to be repaid out of the usual resources of the program.

income test, to unemployed workers who are not members of a trade union or other UI fund. The program, which also includes measures to promote employment (see chapter X), is financed jointly by employers, who pay two-thirds of all program costs, and the national government, which pays the remainder from general revenues. Employers in Sweden do not contribute to UI funds.

Rates of Contribution

Employee and employer contributions paid to finance unemployment insurance are in some schemes fixed at flat rates per week or per day; such rates do not vary with wages but in a few programs may vary with the sex or age of the insured worker, or with the industry. Flat-rate contributions are usually linked with flat-rate benefits. They have certain administrative advantages but have the disadvantage, especially in the case of employee contributions, of being regressive in incidence, particularly so where the spread in wages is wide. Flat-rate contributions are used in Denmark, Iceland, and Sweden. In Finland employees pay flat-rate contributions but employers pay wage-related contributions. The United Kingdom recently shifted from a combination of flat-rate and earnings-related contributions, with a lower rate for women, to straight earnings-related contributions with no differentiation by sex. Ireland uses a combination of flat-rate and pay-related contributions; the flat-rate contributions are higher for workers engaged in industry and commerce than for workers in agriculture. In South Africa contributions are wage related up to a certain level of earnings; flat-rate contributions apply at higher levels.

It is more usual to fix contributions as a percentage of wages, subject to a ceiling which frequently is also applied in the calculation of wage-related benefits. For employees, wage-related contributions are more equitable than flat rates in that they vary with ability to pay; where contributions are based on wages or earnings, the rates are proportional up to the earnings ceiling and regressive thereafter. There is no ceiling on wages in Italy, where employers pay a percentage contribution rate applied to their total payrolls, nor is there a wage ceiling for the wage-related contributions of employers in Finland. There also is no ceiling applicable for employer or employee contributions in Egypt or Japan.

In the United States employer contributions (and employee contributions in the three states that have them) are wage-related.

Employers pay two UI contributions or payroll taxes: a federal unemployment tax and a state UI tax. Federal and state UI tax rates apply to wages paid to covered employees up to an annual earnings ceiling. Unlike arrangements in other countries, the ceiling has no bearing on the determination of the maximum weekly benefit amount payable. The federal unemployment tax rate and earnings ceiling are uniform throughout the country. As of 1975, employers paid a federal unemployment tax applicable to the first $4,200 in wages paid to each of their employees during the calendar year. The federal unemployment tax rate was 3.2 percent, but this was reduced to 0.5 percent for employers in states with unemployment insurance laws which meet certain standards prescribed in the federal law.[3] The proceeds of this tax cover the cost of federal UI administrative grants to the states and the buildup of two special reserve funds: one to finance the federal share of extended benefit costs during high unemployment, and the other to provide a source for interest-free loans to the states to meet benefit costs when state funds are near exhaustion. Special federal long-term UI benefits made available during the high unemployment periods of 1972 and 1975-76 were also financed by the federal unemployment tax.[4]

Each state sets its own UI tax rates; while most states apply them to wages subject to the same ceiling used for the federal tax, some use higher ceilings (none may use a lower ceiling). The state UI tax rates vary among states; they also vary among employers within a state through experience rating. Under the state experience rating systems, which apply everywhere but in Puerto Rico, all employers in a state who are subject to the UI tax provisions are ranked according to some measure of their claims or benefit-cost experience, reflecting the unemployment of their employees. Several schedules which relate tax rates to that measure are designed to yield the total revenue required to finance the state program. Experience rating affects only the distribution of the contributions paid among employers—not the total revenue collected. The experience-rated taxes within a state range above and below a *standard* rate, usually 2.7 percent of the taxable payrolls, or simply below the standard rate in

3. This reduction, or tax-offset device, was the means by which the states were induced originally to establish unemployment insurance schemes in the 1930's. State programs must continue to meet federal requirements to enable employers to qualify for the federal tax offset. Beginning in 1977 the net federal tax rate was raised temporarily to 0.7 percent, and beginning in 1978 the rate applies to the first $6,000 in wages.

4. These benefits have been financed initially by advances from general U.S. Treasury funds which are to be recovered subsequently through temporary increases in the federal unemployment tax.

several states. Under the most favorable tax schedules—those in effect when reserve funds are high—minimum rates are as low as zero or near zero in the majority of the states. Under favorable tax schedules, the maximum tax rate ranges from 2.7 to 6.0 percent, although it is not more than 4 percent in most states. Under the least favorable schedules, when state UI reserve funds are very low, few states have zero or near zero rates while maximum rates in many states exceed 4 percent (6.6 percent in the highest); several states suspend experience rating altogether and require all employers to pay the same rate (2.7 or higher). These specified state UI tax rates are applicable to taxable wages, i.e., wages up to the ceiling. Compared with wage ceilings applicable for contribution rates in other countries, ceilings in the United States are much lower relative to average wage levels. In 1975, aggregate taxable payrolls in the United States accounted for less than half the total of all wages and salaries paid by covered employers. Thus, where the average employer state UI tax rate is about 2.0 percent of taxable payrolls, it may represent less than 1.0 percent of total payrolls.

Experience rating in the United States is intended to provide an incentive to employers, in the form of reduced contribution rates, to stabilize their employment. It also influences employers to participate in shaping administrative and legislative policy.[5] In its approach to UI financing, the United States appears to have invoked the theory that if employers are unable to provide jobs, they should be required to pay unemployment compensation, which, like workers' compensation, should be considered a cost of production. This concept contrasts with that of the traditional social insurance programs prevalent in Western Europe, which provide for a complete pooling of risks and sharing of the cost of protection against loss of income in various contingencies (including unemployment) among workers and their employers, and often the government.

Canada fixes the employer contribution at 1.4 times the employee contribution, which in 1975 was 1.4 percent of insured earnings. The 1971 Act empowers the UI Commission to develop regulations to provide a system of experience rating to apply to the contributions of the larger employers. In Canada experience rating would have less impact on benefit financing than it does in the United States because the United States has only one source of revenue to finance benefits whereas Canada

5. For a full discussion of experience rating in unemployment insurance in the United States, see Joseph M. Becker, S.J., *Experience Rating in Unemployment Insurance: Virtue or Vice* (Kalamazoo, Mich.: W. E. Upjohn Institute for Employment Research, Dec. 1972).

has three sources, only one of which (the employers) would be experience rated. Thus far, however, an experience rating system has not been developed in Canada.

Government "contributions," where provided for unemployment insurance financing, may be fixed as a percentage of the total of employer and employee contributions, as a proportion of wages, or as a flat-rate premium per person protected. Finland, Sweden, and Switzerland relate the government subsidy to benefit costs, the amount of the subsidy rises with the volume of compensable unemployment. Under another procedure governments may cover, wholly or partially, deficits in the payment of UI benefits during a given period. This is done in Austria, Belgium, Denmark, Germany (F.R.), and Japan. In periods when there are especially heavy demands on unemployment insurance funds, the government may assume some of the liabilities. In Canada the federal government assumes responsibility for financing out of general funds the total cost of extended and long-term benefits and the added cost of shorter term unemployment benefits resulting when the national unemployment rate exceeds a specified level.

Distribution of Financial Burden

Table 9 shows the employee and employer UI contribution rates and the extent of the financial participation by government in unemployment insurance programs in 19 selected countries. Ireland, Norway, and the United Kingdom currently finance unemployment insurance, together with other social insurance benefits, on a tripartite basis through a single contribution by each party covering all contingencies. These countries are not included in the table.

Of the 19 countries listed in table 9, 14 derive funds to finance benefits from both employer and employee contributions; in most of them the rate imposed on employers is larger. In Austria, Germany (F.R.), and the Netherlands, the same contribution rates apply to both employer and employee. In Switzerland employees contribute in all UI funds (cantonal, trade union, and joint employer-employee funds), but employers contribute only in the joint funds. Employees do not contribute at all in Iceland, Italy, and (with the exception of three states) in the United States. Employers make no contributions to unemployment insurance funds in Sweden, although they do contribute two-thirds of the cost of unemployment assistance.

Table 9
Unemployment Insurance Contribution Rates for Employee and Employer and Government Financing in Nineteen Selected Countries, 1975

Country	Rate of contribution		Government financing from general funds	Maximum earnings subject to contribution rate
	Employee	Employer		
Austria	1% of earnings	1% of payroll	Amount of any deficit	7,200 schillings per month
Belgium	1.2% of earnings	1.7% of payroll	2.9% of payroll, plus amount of any deficit	22,950 francs per month (February 1975) — adjusted by changes in retail price index
Canada	1.40% of earnings	1.96% of payroll	Cost of extended and long-term benefits and extra cost of benefit outlays when unemployment rate exceeds 4%	$185 per week — adjusted by changes in earnings index

Table 9 (continued)

Country	Rate of contribution		Government financing from general funds	Maximum earnings subject to contribution rate
	Employee	Employer		
Denmark	Flat amount per year at 2.25 times the daily flat benefit payable (varies by fund)	90 kroner per year for one employee and 45 kroner for each additional employee	Amount of any deficit	Not applicable
Egypt	1% of earnings	2% of payroll	1% of earnings	No maximum
Finland	Flat amount fixed by each fund so that total collected covers 7% of benefit outlays of fund	0.4% of payroll paid into a central fund which covers 43% of benefit outlays of all UI funds	50% of benefit outlays of each fund	Not applicable for employee contribution; no maximum for employer contribution
France	0.48% of earnings	1.92% of payroll[a]	None	11,000 francs per month
Germany, F.R.	1% of earnings[b]	1% of payroll[b]	Amount of any deficit	2,800 Deutsche marks per month -- fixed at twice the national average earnings in prior 3 years
Greece	1% of earnings	2% of payroll	None	9,000 drachmas per month

Iceland	None	Flat amount per employee, equal to 1% of wage of unskilled worker	Flat amount per employee; by national government, 2% of wage of unskilled worker; by local government, 1%	Not applicable
Israel	0.4% of earnings	0.8% of payroll	None	3,700 pounds per month
Italy	None	2.3% of payroll	None	No maximum
Japan	0.5% of earnings	0.8% of payroll	1/4 of cost, or up to 1/3 if benefit outlays are high	No maximum
Netherlands				
Waiting benefits	Wage related; varies by branches of industry—average about 0.40% of earnings	Same as for employee	None	172.91 guilders per day
General UI benefits	0.25% of earnings	Same as for employee	0.50% of earnings	172.91 guilders per day
South Africa	Varies inversely with earnings from 0.22 to 0.33% of earnings up to annual earnings—class limit of 3,406 rand,[c] and flat rate at higher earnings levels	0.33% of employee earnings up to annual earnings—class limit of 1,170 rand,[c] and flat rate at higher earnings levels	1/4 of total contributions by employees and employers	Not applicable[d]

Table 9 (continued)

Country	Rate of contribution		Government financing from general funds	Maximum earnings subject to contribution rate
	Employee	Employer		
Spain	0.30% of base wage	1.70% of employee's base wage, plus 1.65% of insurable earnings above base wage	None	34,800 pesetas per month
Sweden	Flat amount; varies according to fund	None	Subsidies to funds which, combined, cover 3/4 of costs	Not applicable
Switzerland	Wage related; rate varies according to fund	None except to joint employer-employee fund,[e] in which case contribution is at least 1/3 of employee contribution	Federal and cantonal subsidies, each covering up to 40% of costs, to funds which meet standards	120 francs per day

United States[f]	None, except in 3 states, among which rates vary from 0.25 to 0.60% of taxable wages	Federal tax, 0.5% (net) of taxable payrolls; state tax (experience rated except in Puerto Rico), 2.7% standard rate; individual rates from 0 to 4.0% of taxable payroll in most states and higher in some states	None	4,200 dollars per year for federal tax and for state tax in most states, but higher in some states

a. In addition, employers pay an entrance fee into the fund for each new employee.

b. Employees who earn less than 10 percent of the earnings ceiling pay no contribution; the employers pay 2 percent of the earnings of those employees.

c. Contributions specified by earnings classes; percentages indicated were calculated at midpoint of earnings class.

d. Employees who earn more than 6,760 rand on an annual basis are not covered; their earnings are not subject to contributions.

e. Joint private funds are operated cooperatively by employers and workers or by their federations.

f. Includes the District of Columbia and Puerto Rico.

Thirteen of the 19 countries listed provide for at least some financing of unemployment insurance benefits out of general revenues of government. Some do so through regular contributions from government funds at set rates applied to the taxable wages of covered employees; others provide government funds to cover a specified percentage of the costs. Several countries use government general funds to cover deficits in unemployment insurance operations (Austria, Belgium, Denmark, and Germany [F.R.]) or for a portion of such deficits (Japan). In Canada general revenues cover the cost of extended and long-term benefits and any extra benefit costs attributable to levels of unemployment over a specified percentage of the labor force. Six of the 19 countries, including the United States, provide for no benefit financing from general revenues of government.

Financing of Special Schemes

Besides a general unemployment insurance scheme, some countries have separate insurance schemes to meet special situations or to supplement ordinary unemployment benefits for certain categories of workers. These are financed separately and often differently from the general scheme. Austria, for example, finances *bad weather* benefits for building workers by collecting a supplement equal to 1.2 percent of the earnings subject to assessment from these workers and their employers, in addition to their regular UI contributions. In Belgium collectively bargained *guaranteed subsistence* schemes supplement regular unemployment benefits; these are funded separately by industry and are financed entirely by employer contributions which vary, by industry fund, from 3.6 to 10.5 percent of payrolls. Special benefits are paid in France to eligible workers who are totally unemployed because of *economic reasons;* these are separately funded and financed by employer and employee contributions (on an 80-20 percent basis) plus a lump-sum grant by the government. In Italy, apart from the employer contributions to finance benefits paid under the unemployment insurance system, employers make additional and separately funded contributions to finance wage supplements in certain industries and in agriculture to compensate for temporary suspension of employment or reduction of worktime.

International Labor Organization Standard

The ILO Social Security (Minimum Standards) Convention, 1952 (No. 102) contains a standard concerning the financing of unemployment

benefit schemes. The standard specifies that the manner of financing such benefits should not create hardship for persons of limited means. In the case of unemployment insurance, worker contributions should not have to account for more than half of all financial resources allocated to pay benefit and administrative costs.

Financing Costs of Administration and Reemployment Aid

The costs of administering unemployment insurance are usually shared on about the same basis as the benefit costs, but there are exceptions. In Austria, for example, the government assumes one-third of the administrative costs; the remainder is shared equally by employees and employers. In Belgium and Japan the government pays all administrative costs; the Canadian government pays none. While the government in Italy supplies no funds to finance UI benefit costs, it does contribute to the financing of UI administrative costs. In the United States all UI administrative costs are financed by a portion of the proceeds of the federal unemployment tax on employer payrolls. A federal grant is made each year to each state for its administrative costs, provided that the state UI law conforms to federal standards.

In most countries the financing and operation of various programs designed to promote reemployment of the unemployed (see chapter X) are handled independently of the unemployment insurance system. Occasionally there is some overlap. In Germany (F.R.), however, the contributions by workers and their employers finance not only the benefits and the operation of the unemployment insurance program but also all activities associated with reemployment of the unemployed, including retraining, relocation, and other forms of adjustment and rehabilitation. In the United States and Canada, as in most other countries, such activities are financed by general revenues and administered independently of, but hopefully in coordination with, the unemployment insurance program. In the United States part of the annual grants made from federal unemployment tax revenues to the states for administrative costs is used to finance employment services to the insured unemployed. In France, Italy, Japan, the Netherlands, Norway, the United Kingdom, and the United States, the cost of training programs is generally charged to the general revenues of government. Training and retraining are financed wholly from UI funds in Belgium and Greece as well as in Germany (F.R.), whereas in Austria, Denmark,

and Spain they are financed jointly by unemployment insurance and general revenue funds. In Germany (F.R.) the cost of training a new entrant into the work force is met from UI resources, but the cost of any additional training for the new entrant is charged to general revenues. Allowances paid during the periods of training or periods of rehabilitation for work are financed by insurance funds in Austria, Belgium, Germany (F.R.), France, and Norway; they are financed by general government revenues in Canada, the United Kingdom, and the United States. In Japan training allowances are financed jointly by UI funds and by general public funds of the central and local governments.

Benefit Reserve Funds

Generally, unemployment insurance systems maintain a reserve fund in a separate public account for the payment of benefits. Contributions by workers, employers, and in some cases by the government are placed in such a fund; in turn monies in payment of benefits are disbursed from the fund. Normally, the reserve fund accumulates surpluses that may remain from ongoing operations so that it will be able to cover operating deficits that may occur from time to time.

A reserve fund satisfies several objectives. It assures that the contributions made to finance the program are strictly reserved for their intended purposes. If managed properly, it assures that adequate funds will be available to pay benefits whenever valid claims for them are made. An adequate reserve fund serves to keep contribution rates fairly stable. Benefit needs can fluctuate drastically over time, depending on the state of the economy and resulting levels of unemployment. The usual policy is to accumulate unemployment insurance reserves in periods of relatively full employment so that if unemployment increases substantially, it will be possible to meet the higher benefit liabilities without raising contribution rates. In times of high unemployment, an increase in rates would likely cause hardship for employers and employees and would affect the economy adversely.

The major problem in managing a reserve fund is to maintain it at an *optimum* level—not so high as to require unnecessarily high contribution rates, yet not so low as to risk depletion of funds and default on benefit liabilities. Given economic uncertainties and the difficulty of predicting the volume of unemployment, maintaining an appropriate fund level is no easy task. Where the general revenues of government stand behind the

unemployment insurance system to meet excess costs or deficits, large reserves are not necessary.

A conservative reserve policy tends to err in the direction of accumulating excessive reserves. Such a policy may be rooted in past experience with heavy unemployment; the policy is clearly based on the premise that it is more important to sustain the public's confidence in the program than to avoid excess reserves. Two arguments are sometimes put forward in support of the maintenance of only a small reserve for unemployment benefits. The first is that it is unnecessary to maintain a large fund because its financial position can be kept under constant review with modern mechanized accounting, and remedial action can be taken relatively quickly if necessary. The second argument is that it would seem unwise to have large reserves which might rapidly decrease in value owing to inflated benefit liabilities.

In the United States, where individual states manage their own benefit reserves, policies vary. Some states maintain relatively low reserves and rely on a UI tax structure designed to replenish quickly reserves drained by heavy unemployment benefit outlays. Other states keep reserves high to minimize the need for sudden and large changes in tax rates. As a general rule of thumb, the policy that has been urged upon the states by various experts, with some support by the federal government, is that a state reserve should not be less than 1.5 or more than 3 times the 12-month aggregate benefit outlay that would occur in a period relatively equivalent to the worst 12-month UI cost experience during the past 10 years. Not all states are guided by that policy.

There is no arrangement in the United States for the federal or state government to cover out of general revenue funds any excess benefit costs or deficits that may develop. The federal government, however, will advance funds to the states to maintain the payment of benefits if their reserve funds are depleted. One of the federal reserve accounts accumulated through allocations from federal unemployment tax revenues is used as the source for these loans. Advances from the U.S. Treasury are made to the federal loan fund if it should be depleted (this happened in the 1975-1976 recession period). These advances, however, must eventually be repaid from the usual source of program financing—the employer payroll tax.

Canada does not maintain a reserve fund as such for its unemployment insurance program. It does maintain an Unemployment Insurance Account to keep track of contribution income and government

allocations that cover its share of benefit costs and to account for all benefit payments and administrative costs. The government covers the costs of all benefits paid to compensate long-term unemployment and any increase in regular benefit costs owing to recession conditions, thereby eliminating a major cause of operating deficits. While the government has stood behind the program to avoid these deficits, it has kept account of them as an element in any evaluation and adjustment of UI financing policy in the future.

Several countries follow a policy of building reserves to specified levels during prosperous periods—levels designed to meet the benefit-cost impact of heavy unemployment in recessions. The experience of the past is the usual guide for determining what reserve levels may be necessary. There is, of course, no guarantee that unemployment in the future will always follow past experience. Based on trends in the size of the covered work force and on levels of unemployment and earnings, Austria maintains a UI reserve fund which influences contribution rates and which may not exceed the total of contributions by workers and employers during the prior 5 years. The Austrian government, however, covers any deficits that may arise because of a depleted reserve fund. In addition to its regular contribution to the program's financing, the Belgian government meets any deficits that may arise. The government in Denmark covers benefit costs of the various funds that exceed the amounts of contributions made by workers and their employers.

The reserve maintained in Germany (F.R.) is intended to be enough to cover excess benefit costs that may arise from an unemployment rate of 5 percent of the covered work force for 2 successive years; the government will cover excess costs if the reserve is depleted. In Japan the reserve level is maintained between a minimum of 1 year and a maximum of 2 years of contribution income; if employee and employer contributions fail to cover at least three-fourths of total outlays in a given year, the government covers up to one-third of all benefit costs that year rather than its normal share of one-fourth. The Netherlands follows the policy that the benefit reserve should be sufficient to cover the estimated cost of general UI benefit outlays for 2 years at the maximum unemployment levels anticipated over a 10-year economic cycle. Spain maintains a reserve fund equal to 1 year's benefit costs at the *normal* rate of unemployment.

A working paper prepared in 1973 for the Actuarial Subcommittee of the ILO Committee of Social Security Experts outlined general trends as to the criteria and techniques best calculated to ensure the financial

equilibrium of unemployment insurance.[6] It concluded that it is possible to budget unemployment insurance outlay over relatively short periods and to revise the estimates frequently and upon short notice. The working paper noted that the substantial reserve accumulations in many countries at that time appeared to be due to historical reasons rather than to deliberate choice, and that they reflected the very low levels of unemployment in most European countries and in Japan during the 1960's and early 1970's. In the period 1965 to 1970 the reserves held in unemployment insurance programs were so high in some countries in relation to benefit outlays that the income earned from their investment alone paid for a large proportion of the total benefits. In 1970, among 11 countries responding to a survey, such income covered about half the benefit cost in Germany and the Netherlands, and from 10 to 15 percent in France, Japan, Sweden, and the United States.[7] Unemployment benefit costs were much higher in 1974 and 1975, an experience which may induce some reconsideration of unemployment insurance financing policy.

In the United States the state UI reserve funds must be invested in U.S. government obligations. In Canada the Minister of Finance may authorize the payment of interest on the balance in the unemployment insurance account if one should accumulate; the interest is credited to the account and charged to the government's consolidated revenue fund. Under other national unemployment insurance programs, most of the reserve funds available are invested in public or government-guaranteed stocks, public utility undertakings, or government loans. In some cases they are used to purchase property, but as a general rule investment in the private sector is not allowed.

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6. International Labor Office, Meeting of Actuarial Subcommittee of Committee of Social Security Experts, Working Paper CSSE/AGT. 1, *Financial Organization of Unemployment Benefit Schemes* (Geneva, Jan. 1973).

7. International Social Security Association, XVIIIth General Assembly, Report of Permanent Committee on Unemployment Insurance and Employment Maintenance, ISSA/XVIII/III/AC/1, *Statistical Inquiry Into the Cost of Protection Against Unemployment in Different Countries* (Abidjan, Oct.-Nov. 1973), pp. 107-114.

IX. ADMINISTRATION OF THE PROGRAM AND COORDINATION WITH OTHER PROGRAMS

Countries vary considerably in their administrative arrangements for unemployment insurance owing to a number of factors. One factor is the type of program—whether it is a subsidized or regulated voluntary program with individual industry or union funds, or a compulsory public system and, in the latter case, whether it operates independently of other programs or as part of a broad, comprehensive social security system. Another factor is the degree of autonomy that administrative bodies have and the extent of the involvement of employers and labor in the direction of the program. The bureaucratic structure of the government is also a factor, particularly with regard to how finances are managed.

Regardless of the kind of arrangements established for the administration of unemployment insurance, all countries face common concerns with respect to how unemployment insurance relates to other programs, including employment and other manpower services for workers, as well as other social insurance or welfare programs. The principal problems involve the assurance of adequate service to claimants through other programs, the proper handling of conflicting eligibility issues between UI and other programs, and the avoidance of duplication or overlap among various cash payment programs. In the interest of efficient management and the prevention of concurrent payment of two or more kinds of benefits to an individual, where this is regarded as unjustified, various measures are taken to assure the desired coordination among programs.

Administrative Structure

Unemployment insurance programs can be grouped, more or less, into three categories with regard to administrative structure. First, there are programs which are operated directly by assigned governmental authorities, and which in turn are under the full control of the government in power at the time. Other programs, also administered by governmental bodies, enjoy a substantial degree of independence in their operations; these programs are usually managed by tripartite boards or commissions representing employers, workers, and the government or the general public. Such a structure provides, insofar as possible, freedom from partisan influence, thereby minimizing the possibility of

biased treatment of sensitive matters and balancing the interests of the parties involved. In either category the UI administrative authority may rely on some other governmental agencies for certain functions, such as using their local offices to handle claims or payments. The UI central administrative authority, however, retains full control and responsibility. Most UI programs fall into one or the other of these two categories. Within the first category are the programs in Austria, Canada, Iceland, Ireland, Japan, Norway, South Africa, the United Kingdom, and the United States. The programs in Belgium, Egypt, Germany (F.R.), Greece, Israel, Italy, the Netherlands (general UI scheme), and Spain appear to belong in the second category.

In a third group of UI programs the administration is largely in the hands of self-governing bodies, usually union or labor-management groups which are independent of government in their operations but subject to a degree of government supervision. These include voluntary subsidized funds managed by the trade unions in Denmark, Finland, and Sweden. Also in this category are the individual industry, cantonal, and local communal funds in Switzerland; the waiting benefit funds in the Netherlands; and the unemployment insurance programs in France, which are established by labor-management agreements, and which are controlled and managed by labor-management bodies through employment associations in accordance with requirements set by law.

In Iceland, Ireland, Israel, Italy, Norway, Spain, and the United Kingdom, the administration of unemployment benefits is the responsibility of bodies which also administer some or all other branches of social security. Where there is a comprehensive social security system, however, UI benefits may be administered by a separate body under the general supervision of the authority responsible for the entire system, as in Norway and the United Kingdom.

Where UI programs are administered by semi- or wholly autonomous authorities (the second and third categories described above), the organs of the social insurance institution or association involved generally comprise a deliberative body or assembly, a smaller executive committee, and in some cases a supervisory body, all of which are managed by representatives of the contributors—usually the insured workers and their employers, and frequently the government—who have an interest in the proper and economical administration of the system. For the most part, the insured workers and their employers are represented in equal numbers without regard to the relative contribution rates of the two groups, and their representatives are either elected or nominated, as

prescribed, by the larger trade union and employer organizations. The government delegates in these representative bodies are high officials. A government delegate is generally ex-officio chairman of the executive committee.

The administrative functions of unemployment insurance require a considerable degree of decentralization. Insured workers must have ready access to the program's administrative facilities so that they can claim benefits without delay if they become unemployed. The agency, in turn, must be able to communicate directly with claimants and employers to assure efficient handling of claims and to confirm each claimant's eligibility for benefit. For these reasons, there must be a network of regional and local offices. The agency responsible for unemployment insurance administration may establish its own network or rely, perhaps in part, on local offices of other governmental bodies, including labor exchanges where administered separately, or on municipalities to handle certain functions for it. The UI central administrative authority, however, retains control and responsibility in these areas. Table 10 shows the administrative structure of unemployment insurance schemes in 22 selected countries.

Operating Procedures

The basic operations of the administrative agency responsible for unemployment insurance include the registration of the employers and employees to whom the scheme applies; the taking of claims for benefits; the determination of eligibility; the payment of benefits; and in some cases the collection of the insurance contributions, taxes, or premiums. The last-mentioned function is handled by another agency in some countries.

Once the administrative agency has received a claim for unemployment benefits, the authorities must verify the claimant's compliance with the eligibility conditions prescribed, notably the fact that he has lost his employment for reasons beyond his control and volition; is able to work and available for work; and has fulfilled the qualifying conditions of contributions, employment, or earnings as the case may be. When these conditions have been fulfilled and the waiting period has been served, the payment of unemployment benefits begins. The claimant may in the future be required to report regularly to the employment exchange or the local unemployment insurance office that is near his home so that his continued unemployment and availability for work can be verified.

Table 10
Administrative Structure of Unemployment Insurance in Twenty-two Selected Countries, 1975

Country	General supervision	Administration of claims and benefit payments	Collection of contributions or taxes
Austria	Federal Ministry of Social Administration	Provincial and local offices, managed by tripartite committees (includes employment services)	Sickness insurance funds (together with other insurance contributions)
Belgium	Ministry of Employment and Labor	National Employment Office (managed by tripartite committee) through regional offices and local payment agencies (includes employment services)	National Social Security Office (together with other insurance contributions)
Canada	Ministry of Manpower and Immigration	Unemployment Insurance Commission (tripartite) through regional and local offices	Department of National Revenue (together with contributions for Canada Pension Plan and withheld income taxes)
Denmark	Ministry of Labor	Individual national trade union funds, usually managed by union officials through local branches	Individual trade union funds (local branches)

(continued)

Table 10 (continued)

Country	General supervision	Administration of claims and benefit payments	Collection of contributions or taxes
Egypt	Ministry of Insurance	Social Insurance Organization (managed by tripartite board and director general) through local manpower offices	Social Insurance Organization (together with other insurance contributions)
Finland	Ministry of Social Affairs and Health	Individual industry funds through local branches and public employment offices	Individual industry funds
France	Ministry of Labor, Social Security Directorate	Under labor-management agreements; National Joint Commission and two labor-management organizations (UNEDIC and ASSEDIC)[a] through ASSEDIC offices;[b] claims taken by local offices of National Employment Agency	Association for Employment in Industry and Commerce (ASSEDIC)
Germany, F.R.	Federal Ministry of Labor and Social Affairs	Federal Employment Institution through *Länder* (state) and local offices, all managed by tripartite bodies (includes employment services and other manpower programs)	Sickness insurance funds (together with other insurance contributions)

Greece	Ministry of Labor	Manpower Employment Board (tripartite—includes employment services and manpower development functions)	Social Insurance Institute (together with other insurance contributions)
Iceland	Ministry of Health and Social Security	State Social Security Institute through local offices	Revenue agencies
Ireland	Department of Social Welfare	Central office of Department of Social Welfare through employment exchanges and their branches (includes employment services)	Collected through pay-as-you-earn income tax system (as part of overall social security contribution)
Israel	Ministry of Labor	National Insurance Institute in cooperation with the Labor Exchange Service	National Insurance Institute
Italy	Ministry of Labor and Social Welfare and the Treasury	National Social Insurance Institute through branch offices, with claims and payments usually through local placement offices,[c] managed by tripartite governing body	National Social Insurance Institute
Japan	Ministry of Labor	Employment Security Bureau in Ministry of Labor through local offices and unemployment insurance sections of labor departments in prefectures (includes employment services)	Local employment security offices and unemployment insurance sections of prefectural labor departments

(continued)

Table 10 (continued)

Country	General supervision	Administration of claims and benefit payments	Collection of contributions or taxes
Netherlands	Ministry of Social Affairs	*Waiting allowances:* Employer-employee industrial associations under supervision of tripartite Social Insurance Council, or on behalf of such associations by a Joint Administration Office established by central employer and employee organizations *General scheme:* General Unemployment Fund, directed by tripartite board	Industrial associations for waiting allowance funds and for general scheme (together with other insurance contributions)
Norway	Ministry of Labor and Municipal Affairs[d]	Directorate of Labor (in Ministry of Labor and Municipal Affairs) through regional, county, and local committees and development boards in collaboration with local labor exchange offices (includes employment services); payments through local insurance offices	National Insurance Institution (as part of overall social security contribution)
South Africa	Department of Labor	Through local claims officers and employment exchanges	Information not available

Spain	Ministry of Labor	National Social Insurance Institute, directed by tripartite board, through provincial and local offices	Information not available
Sweden	National Labor Market Board	Trade union unemployment funds administered through local branches in collaboration with local employment offices	Trade union unemployment funds through local branches
Switzerland	Federal Office of Industry, Trade, and Labor, with cantonal employment offices	Public unemployment insurance funds for cantonal and communal programs; private trade union or joint employer-employee funds for individual industries or undertakings	Individual unemployment funds
United Kingdom	Department of Employment[d]	Department of Employment's Unemployment Benefit Service through regional offices and local unemployment benefit offices in coordination with local job centers of the Manpower Services Commission	Through pay-as-you-earn (PAYE) income tax system (as part of overall social security contribution)

(continued)

Table 10 (continued)

Country	General supervision	Administration of claims and benefit payments	Collection of contributions or taxes
United States			
Federal UI law	U.S. Department of Labor	Unemployment Insurance Service of Employment and Training Administration	U.S. Treasury Department, Internal Revenue Service
State UI laws	In some states, state departments of labor, or of labor and industry, etc.; in others, state governors	State employment security agencies through local claims and employment service offices (includes employment services)	State employment security agencies

a. UNEDIC is National Inter-Occupational Union for Employment in Industry and Commerce; ASSEDIC is Association for Employment in Industry and Commerce.

b. Payments combine unemployment insurance and assistance benefits where both are payable.

c. Also administers Earnings Supplement Fund for partial unemployment.

d. Ministry of Social Affairs (Norway) and Department of Health and Social Security (United Kingdom) have general responsibility for the entire national insurance system in their respective countries.

While receiving benefits, he may be informed by mail or telephone of suitable and available jobs for which he should apply. The procedures and machinery provided for handling disputed claims have been described in chapter IV.

In the United States, availability for work is tested by interviews with claimants in the local claims office. Most claimants must also register with the employment service for possible referral to job openings. If unemployment continues beyond a specified period, the claimant may be reinterviewed by a claims examiner at intervals (the frequency of the reinterviews depends upon the current economic conditions, reemployment opportunities, and the claimant's personal characteristics). A claimant whose availability is questionable is interviewed more frequently than one whose availability is apparent. In some states weekly claims may be received by mail and only occasional personal reporting is required of the claimant. In most states, however, claimants file their claims in person at the local office weekly or biweekly.

Under the Canadian unemployment insurance scheme, an insured person who loses his job is entitled to assistance from employees of the UI Commission in filing his claim for benefits; he is also entitled to receive counseling and placement services from the Canada Manpower Centers. When the UI Commission accepts a claim, the claimant is required to report each week or every two weeks, as directed. The initial claim and periodical reports may be submitted by mail; benefit checks are mailed.

The schemes of most other countries require unemployment insurance beneficiaries to report in person at specified intervals to the appropriate office. In recent years the reporting requirements have been relaxed in a number of countries. In Austria, for example, beneficiaries are now required to report once a month instead of twice a week; in Finland, twice a month instead of twice a week; and in Japan, once in two weeks instead of weekly. In the United States there has been an increase in the substitution of biweekly for weekly reporting and in the filing of claims by mail, mainly to reduce administrative costs. By contrast, the United Kingdom and Sweden now require a claimant to report to the unemployment benefit or labor office once a week; previously those countries required biweekly reporting. In the case of elderly or handicapped beneficiaries who have been unemployed at least 1 year, Belgium has substituted monthly for daily reporting to local authorities. Italy no longer requires a claimant to sign the register in the placement office every day.

There appear to be two reasons for the easing of reporting requirements. First, more can be done to verify the claimant's nonworking status through information available on contributions paid by employed workers, especially as coverage by the program becomes more extensive, rather than to require his appearance at the employment office on prescribed days and at prescribed hours. Second, in the light of improved labor market information and matching procedures, the unemployment insurance authorities are able to call claimants for interviews whenever suitable job vacancies appear and need not require them to report to the office to see if there are such vacancies. There has been some concern in the United States, however, that reduced or eased reporting requirements may weaken the administrative agency's ability to establish whether or not UI claimants are genuinely available for work.

Collection of Contributions

Unemployment insurance contributions by workers and employers are usually collected through a payroll deduction system in which the employer withholds the prescribed proportion from his employees' earnings and submits the amounts withheld, along with his own contribution, to the appropriate authority. In a few countries, each insured worker maintains a stamp book showing his contributions and those paid on his behalf; this book is used as evidence of his insured status if he should file for unemployment benefits.

Table 10 (last column) indicates the administrative authority responsible in each country for the collection of revenues for the unemployment insurance program. Where unemployment insurance is an integral part of a general social security program, a single contribution covering all the contingencies insured may be collected by one authority. This is the case, for example, in Ireland, Norway, and the United Kingdom. Elsewhere, unemployment insurance contributions may be collected together with those for one or more of the other contingencies covered by insurance, and sometimes by one of the other insurance funds.

In Canada the Department of National Revenue collects contributions for unemployment insurance and for the Canada Pension Plan, together with the income tax withheld from earnings. The United States and Japan, however, collect unemployment insurance taxes or contributions separately from those for other social security benefits. In Sweden local branches of trade unions collect contributions along with trade union

dues. In the United States the federal unemployment tax is collected by the Treasury Department, while at the state level the UI tax is collected by the agency responsible for all other aspects of the unemployment insurance scheme.

Coordination With Employment Service

There is a functional relationship between finding a job for an unemployed worker and paying him a benefit where a suitable job cannot be found for him. Thus, a close working relationship between unemployment insurance and employment service programs is obviously desirable and can be effectively accomplished where both programs are administered by the same agency, whether it is a government agency or semiautonomous body. Where two separate agencies are involved, there is usually close cooperation between them, at least at the local level, and claims for benefits are sometimes received and paid through the offices of the employment service. It should be noted, however, that some thinking about the employment service-UI relationship has favored increased independence for the employment service on the grounds that it might operate more effectively as a manpower service if it did not have to test the availability of UI claimants for work. This point of view was the basis for the trend towards greater administrative and physical division between unemployment insurance and employment service functions in the United States during the 1960's and for the reorganization in Canada and, more recently, in the United Kingdom to establish independent manpower agencies.

In the United States employment services are provided at the state level through a system of local public employment offices serving all individuals seeking work. The services are usually administered by state employment security agencies that also administer the unemployment benefits. As previously stated, the trend during the 1960's was towards separation between unemployment insurance and employment service functions. Some reversal of this trend has appeared recently.

In Canada the two functions are administered separately by the Unemployment Insurance Commission and the Manpower Division of the Federal Department of Manpower and Immigration. The latter comprises several branches dealing respectively with (1) the demand side of the labor market to give employment services to employers; (2) the supply side of the labor market to formulate policies and guidelines for the provision of employment services to workers; and (3) major

programs designed to facilitate the matching of labor market supply and demand. When a worker applies for unemployment insurance benefits, an application for employment in his name is automatically furnished to the Manpower Division of the Department of Manpower and Immigration.

In the United Kingdom employment and unemployment insurance services are now separated physically and at the organizational and budgetary levels with a view to upgrading employment and training services. The Department of Employment continues to carry out the processing of claims and the payment of benefits, but the provision of employment and training services has become a function of the Manpower Services Commission, which is an autonomous agency of the department.

In Austria, Belgium, Germany (F.R.), Greece, Ireland, Japan, Norway, and most of the United States, employment services are administered by the agency that is responsible for the unemployment insurance program. Some countries which have separate national departments responsible for unemployment insurance and employment service programs have merged the administrations of the two programs at the local level, whereby unemployment insurance claims may be received and benefits may be paid by the employment exchanges. In other countries the administration of unemployment insurance and of employment services is handled by different offices at all government levels, as in Canada and the United Kingdom.

Employment services, such as placement, are provided by public agencies free of charge.[1] In the United States the annual grants which the federal government makes to the states for the administration of unemployment insurance operations cover the cost of employment services to UI claimants; the remaining employment service costs are met from general revenues. All employment service costs are financed out of general government revenues in Canada and in a number of European countries, including Italy, the Netherlands, Norway, and the United Kingdom. In Germany (F.R.) employer and employee earnings-related contributions finance all employment service costs along with unemployment cash benefits; in Austria, also, part of the employer and employee contributions is used to cover the cost of employment services.[2]

1. In the United Kingdom, however, fees are charged to employers who hire professional, scientific, or technical workers through the public agency.

2. See the section on Financing Costs of Administration and Reemployment Aid in chapter VIII.

Coordination With Other Social Security Programs

Countries that provide unemployment insurance cover one or more other contingencies through social security programs which also pay cash benefits in the event of work interruption or termination owing to sickness or injury (temporary incapacity for work), maternity, invalidity (long-term disability or permanent incapacity for work), employment injury, retirement, and death. In addition, many national programs provide medical care (including care for family members) and family allowances for the maintenance of children or other dependents. Whatever the administrative structure of social security programs, measures must be taken to ensure that the various branches of protection interlock to provide an adequate and coordinated system of benefits. Special procedures have been established:

1. To prevent the concurrent payment of two kinds of benefits which are intended to replace lost earnings (e.g., workers' compensation and benefits for unemployment, sickness, or invalidity).
2. To ensure the smooth transfer from one type of benefits to another when appropriate; for example, from unemployment benefits to sickness benefits, or to an invalidity or old-age pension.
3. To ensure the continued payment of family allowances and the provision of medical care to family members in periods when the principal earner is unemployed and in receipt of unemployment benefits.
4. To maintain insurance coverage for various other contingencies while the worker is unemployed and is receiving unemployment benefits.

Various procedures are used by countries to ensure that a worker who becomes unemployed and draws unemployment benefits does not lose his entitlement to benefits under other programs, should some other insured contingency arise, or the opportunity to accumulate rights to such benefit protection which he was in the course of acquiring by virtue of his employment or earnings. To achieve these ends, several countries (Ireland, Spain, and the United Kingdom) credit towards the worker's insurance record for other contingencies the period during which he drew unemployment benefits, as if his contributions had been paid for that time. In Germany (F.R.) the government continues and pays for the unemployed worker's social insurance contributions. The National Social Insurance Institute in Italy pays the unemployed worker's contributions to his old-age, survivor's, and disability insurance while he

is drawing UI benefits. The Netherlands deducts from the claimant's unemployment benefits an amount equivalent to the contributions due for insuring against other contingencies; this amount is then paid by the unemployment insurance fund to the authority responsible for the other contingencies. There are no such provisions in Canada or in the United States. A few countries extend the reference period within which the qualifying employment or contribution requirement for benefits must be fulfilled by a period of incapacity for work (Austria, Belgium, Greece, and Japan).

The major problems arising in connection with the coordination of unemployment benefits with other social security benefits concern sickness and old age. Some of the procedures used by various countries in coordinating unemployment insurance benefits with sickness and old-age benefits, as well as other benefits, are described in the following sections.[3]

Temporary Incapacity and Unemployment Insurance

The contingencies of unemployment and temporary incapacity for work are generally defined by law so as to be mutually exclusive. In order to draw unemployment benefits, the claimant must be available for work and capable of work—a condition that cannot be met if he is incapacitated. In order to draw sickness benefits, he must have lost his capacity for work. Sickness benefits are usually payable either at the same rate as unemployment benefits (e.g., in Canada, Denmark, Ireland, the Netherlands, Norway, South Africa, Spain, and the United Kingdom) or at a higher rate (e.g., Egypt, France, and Germany [F.R.]). Where the sickness benefit rate is higher, transferring the claimant from sickness benefits to unemployment benefits, when appropriate, creates an added administrative problem. It also invites some incentive for the claimant unjustifiably to claim incapacity for work and to remain on sickness benefits rather than to draw the smaller unemployment benefits. Laws vary as to which benefits will be paid when circumstances make an option possible.

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3. Some of the discussion in this section is based on "Administrative Problems Arising From the Relationship Between Unemployment Insurance Benefits and Benefits Granted Under Other Branches of Social Security," a report prepared in 1964 by Elizabeth M. Kemp-Jones for the International Social Security Association in Geneva, Switzerland. While outdated in some details, the information provided by this report still applies in general.

In most states of the United States a worker drawing unemployment benefits who becomes temporarily incapacitated and therefore unavailable for work is disqualified from further benefits until he is again able to work. In 11 states, however, even if the claimant becomes incapacitated, he may continue to draw unemployment benefits unless a suitable job which he is not capable of taking becomes available to him. Only 5 states[4] and Puerto Rico have insurance programs to provide cash benefits for loss of earnings caused by temporary disability. Where a worker is covered by both UI and temporary disability insurance, he might be able to comply with the unemployment insurance requirement of being able to perform sufficient suitable work so as to be considered able to work and at the same time meet the disability insurance requirement, but specific statutory provisions prohibit the simultaneous receipt of the two kinds of benefits.[5]

In Canada the unemployment insurance system protects not only workers who have lost jobs and remain unemployed but also those whose earnings have been interrupted by illness, injury, or pregnancy. Since insurance against both contingencies is joint, there is no possibility of overlapping or simultaneous benefit payments. South Africa follows a similar approach.

In most countries the concurrent payment of unemployment benefits and sickness benefits is precluded by one or more of the following means: (1) the assignment of responsibility to a single authority for the payment of both benefits (as in Canada, the Netherlands, and five of the six states of the United States which provide temporary disability benefits); (2) the use of a common insurance record for both benefits (as in three of the six states just mentioned); (3) the maintenance of a control claims record for both benefits and the use of one insurance document to be surrendered when benefits for either contingency are claimed (Greece); (4) a regular check of unemployment claims against the sickness claims record (Italy); (5) a requirement that the claimant for unemployment benefits appear frequently at the placement office (Greece and Switzerland).

Among other matters to be considered is the status of a worker who loses his job while receiving sickness benefits and who recovers his

4. California, Hawaii, New Jersey, New York, and Rhode Island. There is also public disability insurance for workers in the railroad industry which is part of a unified program that includes unemployment and retirement benefits as well.

5. See section on Receipt of Income During Unemployment in chapter IV for a discussion of receipt of disqualifying income during insured unemployment in the United States.

capacity for work, or the status of a worker who has been drawing unemployment benefits and whose capacity for work becomes doubtful. A variety of arrangements can be used to meet such situations. The decision of the sickness or invalidity benefit authority may be accepted as binding for the purposes of unemployment benefits or, less frequently, the unemployment insurance agency may have the authority to decide nonavailability for work owing to incapacity and thereby provide the basis for sickness benefit payments. In Belgium, Germany (F.R.), Greece, and Switzerland the decision on capacity for work may be given by a public health authority and may be accepted by the authorities paying benefits for unemployment, sickness, or invalidity. In Austria, Italy, and the Netherlands unemployment benefits continue, or may continue, to be paid to an unemployed worker who becomes sick or whose capacity for work is doubtful until his claim for sickness or invalidity benefits is accepted. In Greece priority is given to the payment of sickness benefits to an insured worker who is both incapacitated (as certified by a sickness insurance doctor) and unemployed. Where sickness follows unemployment or vice versa, a waiting period is not usually required for the second contingency. In the United Kingdom UI benefits are not payable during any period when the unemployed worker is sick, but sickness benefits are payable; days of unemployment and of sickness count equally in satisfying the waiting period requirement, thereby ensuring continuity of benefits.

A distinction is made between benefits for short-term total incapacity (sickness) and benefits for long-term incapacity (invalidity), which may be total or partial. Benefits for long-term *total* incapacity may not be paid concurrently with unemployment benefits. However, in cases of *partial* loss of earning capacity, a number of countries and some states in the United States pay unemployment benefits to persons who are entitled to long-term disability benefits or workers' compensation. The concurrent payment of unemployment benefits and partial invalidity benefits is not precluded in Italy, Japan, the Netherlands, Norway, Spain, or Sweden. The benefits taken together may not exceed a prescribed maximum in these countries.

An International Social Security Association report indicated that, in general in 1965, no UI administrative problems had arisen because of attempts by insured workers who were totally or partially incapacitated, as well as unemployed, to obtain UI benefits in preference to other benefits.[6]

6. Report by Elizabeth M. Kemp-Jones (cited in footnote 3).

Old-Age Pensions and Unemployment Insurance

Unemployment insurance provisions which affect the relationship between unemployment benefits and old-age pensions have been mentioned earlier (in the section on Receipt of Income During Unemployment in chapter IV and in the section on Older Workers in chapter VII, as well as in chapter III on Coverage). Most countries, including Canada, have minimized problems of coordination between these two types of benefits by excluding workers from the protection of unemployment insurance when they reach a specified age, (see last column of table 4) at which time they are usually eligible for a pension under social security or some other public program. Receipt of a pension under a private pension plan, which can become payable before the age of exclusion from unemployment insurance, does not generally disqualify a claimant from unemployment benefits.

There is no age specified for exclusion from unemployment insurance protection in the United States. For this reason concurrent payment of UI benefits and pensions is a controversial issue in many states. About two-thirds of all state UI programs take account of private pensions received by claimants, but only about one-fourth do so with regard to social security pensions. In all but one of these states the unemployment benefit amount is reduced by the amount of the pension received, as prorated for the comparable time period, or some portion of that amount, rather than suspended entirely. Several states go so far as to deduct the social security pension from the claimant's unemployment benefit amount whether or not he actually received the pension as long as he was eligible for it. In the case of private pensions, most of the states which take account of them will reduce the UI benefit amount only if the pension is based on employment with the recent (base-period) employer. If the claimant can qualify for unemployment benefits on the basis of employment subsequent to that from which he retired on a pension, he will be entitled to his full benefit rights. The federally administered social security program takes no account of any unemployment benefits received by its beneficiaries.

Other Programs and Unemployment Insurance

Under a number of social security systems, a widow's or survivor's pension is payable irrespective of the recipient's income or earnings from employment. Should unemployment occur, the pension recipient may qualify for unemployment insurance benefits without losing entitlement

to the pension. Thus, for example, in Austria, Belgium, Canada, Spain, and Switzerland a widow who has recently been in the labor force and has become unemployed may be entitled simultaneously to both a survivor's pension and unemployment insurance benefits. In the United Kingdom, however, a widow cannot normally receive both a widow's pension and unemployment benefits under the Social Security Act; she usually obtains the greater of the two. Similarly, in Ireland unemployment benefits and a pension under the social insurance program are not payable concurrently. Most states of the United States take no account of the receipt of survivor's benefits in determining eligibility for unemployment insurance; of the 12 states which do so, only 1 disqualifies a claimant completely. The others deduct a prorated portion of the monthly amount of survivor's benefits from the UI benefit amount that is payable for a given week.

Over 60 countries have some type of family or children's allowance program. The United States is the only highly industrialized country that does not provide such benefits. Generally, family allowances continue to be paid even when the head of the family is unemployed and receiving unemployment insurance benefits. Table 6 indicates the countries which make concurrent payments and shows that some of these countries also supplement the unemployment benefits with additional allowances for dependents.

In most countries workers and their families are covered by health services or medical insurance provided through public programs. Several countries, such as Canada, Japan, the Scandinavian countries, and the United Kingdom, make medical care available to all residents—employment is not a factor affecting coverage or eligibility. Elsewhere workers have such protection by virtue of their employment, often as part of contributory sickness insurance programs. There is no general public medical insurance program for workers in the United States, but most regular workers have some form of hospital or medical protection arranged by their employers through group plans with private carriers.

Where there are public health insurance programs, entitlement to medical benefits is maintained for the worker and his dependents during any period when he is without a job and is collecting unemployment benefits. In the United States, however, any medical insurance protection workers may have through their employment is not usually maintained once they lose their jobs.

X. PROMOTING EMPLOYMENT OF THE UNEMPLOYED

Apart from providing cash income support during unemployment, all countries pursue policies and programs of various types to facilitate, encourage, and bring about employment of the unemployed. A suitable job is, of course, superior to a limited cash benefit from the point of view of both the unemployed worker and society. Some of the approaches taken to promote employment are closely associated with unemployment insurance and are aimed directly at the unemployed workers themselves. Others are broader in nature, intending to serve overall manpower or economic objectives, with the not-so-incidental effect of reducing or preventing unemployment.

Public Employment Services

Labor exchanges, which concentrate on bringing together workers and jobs, trace back a long way in certain occupations and local communities in Europe and in the United States. Municipal placement services existed in most European countries a hundred or more years ago. National systems began to emerge around the turn of the century.[1] The establishment of employment services that are intended to guide jobless workers to suitable employment has usually preceded the adoption of unemployment insurance. Today public employment services are available in many countries, not all of which provide unemployment insurance.

Some public employment services have developed into much more than placement or labor exchange agencies, especially in the more advanced industrial nations. They render a variety of career guidance and job search services and may operate special programs for certain types of workers who often have great difficulty in finding jobs. In a few countries the public employment service has become a major instrument of broad manpower policy.

The Labor Exchange Function

Matching workers and jobs is an essential function of a public employment service, and it is important to the successful administration

1. William Haber and Daniel H. Kruger, *The Role of the United States Employment Service in a Changing Economy* (Kalamazoo, Mich.: W. E. Upjohn Institute for Employment Research, Feb. 1964), pp. 21-22.

of unemployment insurance. All highly industrialized countries, and many others, provide such services free of charge. In a few countries private employment agencies operate alongside the public ones. The public agencies are expected not only to help clients in obtaining suitable employment but also to ensure that no claimant for unemployment benefits will receive compensation unless he is available for and willing to work. Although public employment services are at the disposal of any jobseeker—whether employed or unemployed, insured or uninsured—in countries with unemployment insurance programs, the clientele of the public employment services is largely composed of unemployment insurance beneficiaries, who usually must appear at a local office at regular intervals to demonstrate that they have not found employment and that they are available for work.

A public employment agency cannot operate a successful placement service unless it has the confidence of both employers and workers—both must be willing to use the service. Some employers bypass the employment service on the grounds that applicants previously referred to them were not well qualified for the jobs to be filled. These and other employers maintain the general belief that the public employment service has a clientele of marginal or poor workers. Such employers do not utilize the employment service for filling highly skilled, technical, and better paying jobs; instead, they use it primarily for filling those jobs that are lower paid and offer little opportunity for advancement.

Nor do all workers who seek jobs make use of the public employment service. Insured persons who are unemployed are usually required to register for work at the public employment office in order to qualify for benefits. However, such registration is often perfunctory in nature, serving as a means of satisfying the requirement that the recipient of unemployment benefits be available for work. Among many jobseekers, particularly skilled workers, a general impression prevails that the public employment service is not the place to go to learn about good jobs. They will apply for a job at the employment service only if required to do so by law, or after they have exhausted other efforts to find work. Workers who have been laid off temporarily may prefer waiting to be recalled to jobs on which they have been acquiring seniority, retirement credits, and other benefit rights. Such workers may believe that if they register with the employment service, they will have to accept employment less desirable than their previous jobs. They may, therefore, refrain from registering if they can, even to the point of not claiming unemployment insurance benefits for a short period.

Where the public employment service is directly involved with handling unemployment insurance benefit operations and other welfare functions, both employers and jobseekers develop a negative attitude towards it. In such circumstances, it has little opportunity to achieve its goal of matching workers and jobs. In a country where the employment service enjoys a favorable reputation, its ability to perform well is enhanced. In the United States and the United Kingdom the role of the public employment service has not been strong and effective, but in both countries efforts are constantly being made to encourage employers to use it to list their more attractive job vacancies and thereby make registration or application for employment more rewarding to jobseekers.

Other Functions

In addition to finding and listing job openings, registering applicants for jobs, and matching the two, a fully functioning public employment agency renders other services to assist the applicant in his search for work. These include vocational counseling; career guidance; testing of aptitudes and skills; advice regarding general occupational opportunities in the local labor market and elsewhere; advice on how to seek a job; information and advice concerning vocational education and training; and rehabilitative, psychological, and consultative medical services. The employment service should be able to identify specific problems that may prevent the individual jobseeker from qualifying for jobs that do exist. It should also be able to assist him in overcoming these problems or to refer him to agencies than can help him.

The Canadian Unemployment Insurance Commission has developed and administers its own active job search program to help claimants to reenter employment as soon as possible by giving them information and guidance in seeking jobs and directing them, when appropriate, to agencies for placement and counseling. Lists of vacant jobs in occupations requiring a variety of skills are available in each district and are updated at weekly intervals. If it appears that retraining or relocation are desirable, the worker may be referred to one of the Canada Manpower Centers which are organized to give effective employment service to employers. The purpose of the referral is not in any way to control unemployment benefits.

Special Programs

In some countries the employment service operates special programs to promote the employment of young workers, handicapped persons, and older workers who have become unemployed. It is considered most desirable that young workers looking for their first jobs register with the employment office so as not to be diverted to jobs which may be considered unsuitable for them. In some countries special counseling is provided to youths while still in school to assist them in vocational planning. The employment service in Japan, cooperating fully with the schools, plays a very active role in smoothing the school-to-work transition for youths and in assuring appropriate allocation of this new labor supply among the various segments of the economy. In the recruitment and preselection of young manpower, public employment agencies in a number of countries have taken measures to provide income support and training facilities for young persons who have difficulty in finding jobs corresponding to their occupational skills (see the section on Young Workers in chapter VII for a description of benefit support provided to unemployed youths).

Various European countries pursue programs designed especially to help the *hard-to-employ*, including the handicapped and older workers. Canada has an extensive vocational rehabilitation program for such workers, the costs of which are shared equally by the federal government and the provinces or territories.

In the 1960's, as a result of antipoverty campaigns, employment service operations in the United States devoted considerable attention to finding jobs for the less experienced and the more marginal workers. As a result, in many parts of the country, unemployment insurance recipients received little help in finding jobs. The unskilled, inexperienced, and disadvantaged workers were usually not eligible for unemployment insurance benefits or had exhausted their benefit rights. More recently, the employment service authorities in the United States have concentrated increasingly on jobseekers with good experience and qualifications. In the last few years, with diminishing job opportunities in the private sector of the economy, there has been emphasis on placing the unemployed in temporary public service employment at state and local levels, supported by federal grants to finance wages and salaries.

In the countries of Western Europe, where relatively full employment conditions obtained generally until 1974-75, great efforts have been made to find suitable work for groups whose members are considered to be

hard to employ.[2] In some countries (for example, Austria, Belgium, Germany [F.R.], France, Italy, and the United Kingdom) employers have been required to hire a given percentage of their total staff from certain designated groups, such as the handicapped or the older workers. In Germany (F.R.), employers of 16 or more workers are required to recruit 6 percent of their work force from among the handicapped and, should they fail to do so, they are liable to a fine of 50 Deutsche marks per month for each job not filled according to the requirements. Some other countries reserve specific jobs for such workers or give them preference for particular posts. There has been a certain amount of disapproval of such quota systems, notably in the Scandinavian countries. In some countries government subsidies are granted to employers to encourage them to hire hard-to-place older workers. Unemployed workers in Belgium, especially those who normally are hard to place in regular jobs, are made available for and may be placed in public service employment at normal pay partially subsidized by the National Employment Office, although such workers continue to be registered as jobseekers. The activities of the national employment services on behalf of the hard-to-employ have in some instances been supplemented by programs sponsored by various voluntary agencies.

International Labor Organization Standards

The ILO Employment Service Convention, 1948 (No. 88) requires ratifying members to maintain or provide for the maintenance of a free public employment service, consisting of a system of employment offices under the direction of a national authority. The Convention requires that the service shall be so organized as to ensure effective recruitment and placement and to assist workers in finding suitable employment and employers in obtaining suitable workers. Each member country of the ILO, by subscribing to the Convention, agrees to take appropriate measures to facilitate occupational and geographic mobility; to cooperate in the administration of unemployment insurance, unemployment assistance, and other measures for the relief of the unemployed; and to make special provisions for youths within the framework of the employment and vocational services.

The Convention specifies that the staff of the employment service shall be composed of public officials whose status is such that they are

2. Beatrice G. Reubens, *The Hard To Employ: European Programs* (New York and London: Columbia University Press, 1970), pp. 119ff.

independent of changes in government and, subject to the needs of the service, are assured stability of employment. Subscribing countries agree to take all appropriate measures possible to encourage the full use of employment service facilities by employers and workers on a voluntary basis, and to obtain effective cooperation between the public employment service and private employment agencies which are not conducted with a view to profit. As of June 1975, Convention No. 88 was in effect in 53 countries, including Austria, Belgium, Canada, France, Germany (F.R.), Japan, the Netherlands, and Norway. The United Kingdom recently denounced its ratification of this Convention because it had made the professional and executive recruitment service branch of its public employment service a fee-charging operation (fees paid by employers) as part of a major effort to improve placements in managerial, professional, technical, and scientific occupations.

The ILO Fee-Charging Employment Agencies Convention (Revised), 1949 (No. 96) requires the progressive abolition or regulation of fee-charging profit-making employment agencies. As of June 1975, this Convention was in effect for 32 members of the ILO, including Austria, Belgium, France, Germany (F.R.), Italy, Japan, the Netherlands, and Norway.

Implementation of Manpower Policy[3]

Employment service placements rarely account for more than 25 percent of all placements; the proportion is much lower in most countries. It appears to be a hard fact everywhere that the public employment service can expect to make only a small proportion of all placements, mainly because access to job vacancies in many occupations and industries is available exclusively or primarily through other means. Partly in recognition of this fact, and partly because general labor market imbalances seem to be the rule much of the time, employment service stress on placements has been declining in many industrialized nations. Instead, emphasis on other functions has expanded, contributing toward the development of the employment service into a manpower agency designed to implement a policy of active intervention in the labor market. The aim of such policy is to obtain a more rational balance between the supply of and demand for labor and to make the optimum use of human resources in the economy. Increasingly, the

3. Much of this section is based on Beatrice G. Reubens, "Employment Services: The Global View," *Manpower*, Sept. 1975.

matching of individual job applicants with job openings is becoming a self-service operation, utilizing modern computer technology and thereby freeing staff to concentrate on the more difficult cases.

Job-vacancy information remains important for effective planning and execution of labor market policy. Therefore, listing job vacancies with the public employment service, despite deemphasis of its placement function, continues to receive considerable attention. Some years ago Belgium made employer notification of vacancies to the employment service compulsory, and Sweden has moved gradually in the same direction. Employers in Italy, in general, must notify the appropriate placement office of the name and trade of each worker they cease to employ; they are also generally required to engage workers they need from among those registered and included in the placement lists. In the United States employers doing any work under contract with the federal government are required to list *all* their job vacancies with the employment service.

Public employment services are concentrating on job counseling, career guidance, training, labor mobility, and services for hard-to-employ groups, as well as on manpower policy implementation and coordination with economic policy and development. One observer of this trend describes these changes as follows:

> At the intermediate stage in the evolution of the employment service into a manpower agency, a stage which virtually all developed nations have reached, the passive placement function is supplemented by an active role in adjusting and improving the quantity and quality of the labor supply, without, however, exerting much impact on demand for labor. At a more advanced stage, the employment service would become a full-fledged manpower agency, successfully conducting manpower policy as an integral part of economic policy, aiding the occupational and personal development of the labor supply, and assisting employers to utilize their entire work force efficiently.[4]

Some of the broader manpower functions may be carried on outside the traditional employment service operation, as in Japan. In some countries the employment service has been expanded or absorbed into a broad manpower agency. That has been the approach in the United States, Canada, and several countries in Western and Northern Europe.

4. Ibid., p. 13.

Sweden's National Labor Market Board probably represents the fullest development so far of a sophisticated and comprehensive manpower agency.

Special Measures To Enhance Labor Mobility

Most industrialized countries have adopted special measures to enhance the employability of unemployed workers and of those still employed but whose jobs may be in jeopardy. Included are training and retraining programs and programs to facilitate the transfer of workers to new locations where job opportunities are more favorable. These approaches are especially pertinent where there is strong demand for skilled labor and where economic activity is shifting geographically. Western European countries and Japan have taken measures to redeploy workers before they become unemployed if they are likely to be affected by structural changes in the economy. Such measures facilitate industrial conversion and decentralization and increase the occupational and geographic mobility of the labor force.[5]

Training Programs and Occupational Mobility

Many countries that provide unemployment insurance also provide public training programs for unemployed workers. In the United States the Manpower Development and Training Act (MDTA) of 1962 broadened emphasis on such programs. At first, MDTA aimed principally at the retraining of workers dislocated as a result of structural change. As efforts to reduce poverty became intensified, amendments of the MDTA focused the training programs increasingly on the poor, the disadvantaged, and unskilled workers—the hardcore among the unemployed. A variety of training programs has evolved. Training may take place on the job or in an institutional or classroom setting. Where programs are especially designed for young persons, residential accommodation may sometimes be made available. Cash allowances are provided for trainees in institutional programs at the rate of the statutory minimum wage. Trainees eligible for UI benefits draw those instead of the allowances, but if the UI benefit amount is less than the minimum wage, a partial allowance is paid to make up the difference. Dependents' supplements may be added for trainees. Federal legislation enacted in

5. For an extensive discussion of this subject, see International Labor Office, Second European Regional Conference, Report III, *Income Security in Europe in the Light of Structural Changes* (Geneva, Jan. 1974), chapter II.

151

1970 prohibited the states from denying UI claimants their right to receive unemployment benefits while attending a training course, with state agency approval, solely on the ground that they are not available for work.*

In Austria a worker who has quit his job in anticipation of losing it may immediately be placed under a training plan and granted a living allowance. In Switzerland ordinary unemployment benefits may be granted to an insured person who is taking a retraining course in order to avoid the threat of unemployment. As does the United States, Canada and a number of other countries pay UI benefits to unemployed workers while they are in training or retraining provided that they are otherwise entitled to such benefits. Unemployment insurance claimants in Japan who undertake public vocational training courses, as directed, are paid attendance allowances and, in some cases, travel and board expenses, in addition to their unemployment benefits. Unemployed workers who enter training in Italy receive special maintenance allowances which take account of any UI benefits they receive and which are supplemented for dependents. In Belgium trainees in a training center or technical school receive compensation equal to the wage in the occupation for which they are being trained, subject to a ceiling. In the United Kingdom, not only the unemployed but also the employed who are likely to become unemployed because they work in a declining industry or trade that will be superseded by new processes may participate in training or retraining courses in an industry or government training center, and they may receive incentive allowances for as long as 12 months.

Among European countries, Sweden is generally considered to be one of the most successful in coordinating measures for modernizing and restructuring industry. Recently it has unified its activities in this respect to take account of changes affecting certain traditional Swedish manufacturing industries, particularly textiles, timber, clothing, and leather goods; and to meet the need for skilled workers in metalworking, machinery, and electronics. The Swedish National Labor Market Board, composed of government, employer, and employee representatives, is responsible for employment policy, including occupational redeployment. Free adult training facilities cater to both the unemployed and the employed who wish to improve their skills. The trainees receive a basic monthly allowance if they have family responsibilities and a rent

6. The Comprehensive Employment and Training Act of 1973, which replaced the Manpower Development and Training Act, decentralized responsibility for the development and planning of training programs to the states and local communities.

allowance corresponding to the actual rent paid or, if they are not living at home, a flat-rate lodging allowance. Other allowances, including family benefits, are payable subject to a means test. The basic monthly allowance is generally equivalent to approximately two-thirds of the average wage of an unskilled worker; but where the trainee has several dependents, the total allowance may rise to that average wage level. Special provisions apply to certain categories of women. Thus, for example, single working women with dependent children are refunded the cost of nursery care. Married women whose husbands are in gainful employment receive half the basic allowance. The costs of training and allowances are met by the Labor Market Support Program financed by employer contributions and government subsidies.[7]

The National Employment Office in Belgium and the central government in France intervene to maintain the pay of workers who are laid off or put on short-time work while their employer's plant is being converted to the manufacturing of new products on a permanent basis. The French National Employment Fund may meet part of the expenses incurred by an employer in recruiting and training staff with a view to enlarging or converting his establishment or setting up a new one. In Italy there are measures for the vocational rehabilitation of workers whose earnings have been adversely affected by the conversion of the plant where they worked, as well as specific forms of assistance, to encourage occupational mobility. In Japan the central government and the local prefectures finance guidance allowances to workers and grants to employers to improve the employability of the hard-to-place unemployed and to promote their employment if they are not, or are no longer, eligible to receive unemployment insurance benefits. In the Netherlands workers who accept new employment at lower wages than previously earned so as to avoid or escape unemployment may be compensated for a period of time for part (in some cases, all) of the wage difference; they are also guaranteed UI benefits based on their previous higher wages should they become unemployed for reasons beyond their control within the following 2-1/2 years.

Geographic Mobility

A number of European countries use various incentives to encourage workers to move out of a depressed region into manpower shortage

7. Leif Haanes-Olsen, "Swedish Unemployment Program," *Social Security Bulletin*, March 1974, pp. 41-45.

areas. For example, in France special transfer grants are made to workers in firms located in areas with limited possibility of expansion which, with the agreement of the authorities, are being decentralized into regions with manpower shortages. The United Kingdom has three types of assistance schemes designed, respectively, (1) to promote geographic mobility for employees working in firms which, with government assistance, are decentralizing their activities (called *the key workers' scheme*); (2) to assist workers who have been recruited by firms moving into areas of unemployment, and who have been selected to receive special training (called *the nucleus labor force scheme*); and (3) to provide subsidies for the resettlement of workers' families in new homes (travel and moving costs are included).

Other countries also have taken measures to remove economic obstacles to geographic transfers which they consider desirable. Sweden, for example, provides various incentives to encourage workers who may lose their jobs to move into areas where there is a shortage of manpower, and workers have responded well to these incentives. On average, as of the early 1970's, one in five Swedish workers was likely to receive benefits to promote labor mobility during his working life.[8] No systematic measures to promote the geographic mobility of workers have been taken by the United States.

The costs of moving workers to and establishing them in a new place of employment are charged to unemployment insurance funds in Germany (F.R.), Finland, and Greece; and to general revenues in Denmark, Italy, Spain, and the United Kingdom. In Canada funds may be appropriated from general revenues to enable unemployed or underemployed workers and their families to move to jobs available in other parts of the country. Japan supplies grants to both workers and employers to pay for relocation costs of unemployed workers, thereby stimulating desirable geographic mobility.

8. International Labor Office, *Income Security in Europe in the Light of Structural Changes*, p. 39.

APPENDIX A

UNEMPLOYMENT INSURANCE SCHEMES IN TEN SELECTED COUNTRIES

Austria

A compulsory unemployment insurance scheme was first established in Austria in 1920. Frequently amended, it was completely reformed after World War II. The basic legislation that governs the current program dates from 1958; there have been subsequent amendments. The program is financed by contributions from covered workers and their employers.

In the event of serious economic declines or some other special situations, allowances may be paid to workers who are placed on short-time work schedules; i.e., workers normally employed on a full-time basis but temporarily working for a reduced number of hours per week. These allowances are paid by employers in accordance with collective agreements in the industry concerned. There is also a special UI scheme which compensates workers employed in the building trades for lost hours of work owing to bad weather.

Unemployment insurance benefits are supplemented by unemployment assistance which provides emergency aid to needy workers, usually those who have exhausted their unemployment insurance benefits and are capable of and willing to work.

Type of System, Scope, and Coverage

Unemployment insurance benefits are payable in the event of involuntary unemployment, after the termination of an employment relationship. Generally such benefits are granted only in the case of total unemployment.

The unemployment insurance program is compulsory and covers, with few exceptions, all persons in the employ of others.[1] Also generally protected are homeworkers, paid apprentices, unpaid apprentices in their last year of apprenticeship, and other on-the-job trainees. Public employees, family labor, persons under 15 years of age, and those who are still engaged in compulsory schooling are specifically excluded. Casual labor, i.e., persons employed to an insignificant extent, is also excluded. *Insignificant extent* refers to employment lasting less than a week with earnings not exceeding 70 schillings per day, or any employment yielding earnings not exceeding 210 schillings a week or 910

1. Austria links the scope of unemployment insurance to that of its sickness insurance scheme. The basis for coverage by unemployment insurance coincides with the obligation to be insured under the statutory sickness insurance scheme.

schillings per month. Short-time work, if performed by a worker who is normally employed full time, is not considered to be work of an insignificant extent.

Eligibility

The minimum qualifying amount of employment for entitlement to benefits is at least 20 weeks in the last 12 months before the claim is made. For certain occupational groups in which the employment situation is particularly unfavorable, the required minimum may be fixed at 26 weeks in the last 24 months. When an insured worker claims unemployment benefits for the first time, the qualifying period of employment required is at least 52 weeks in the previous 24 months. No period of employment may be reckoned more than once in qualifying for unemployment benefits. The reference periods during which the qualifying weeks of employment are counted are prolonged in specified circumstances. For example, they are extended for periods during which the unemployed worker has been (a) self-employed or in noninsurable employment, (b) engaged in a training course, (c) performing compulsory military service, (d) demonstrably incapable of work after exhausting entitlement to sickness benefits, (e) serving a term of imprisonment or otherwise detained by order of the authorities, or (f) in receipt of sickness benefits. They are also extended in such other cases as are or may be prescribed by the Federal Minister of Social Administration.

In order to be eligible for unemployment benefits, a claimant must be involuntarily unemployed; and capable of, available for, and willing to work. He must be registered as seeking work. A claimant who is not prevented by sickness, or any other defect or weakness of his physical or mental powers, from deriving at least half the normal earnings from an appropriate activity, as defined in the legislation, is deemed to be capable of work. Where there is doubt as to the claimant's ability to work, he may be required to undergo a medical examination. If he refuses to do so, his benefits may be withheld. A claimant is considered to be available for work if he is ready to accept employment to which he is referred by an employment office, to undergo prescribed training or retraining, or to avail himself of any other opportunity of employment.

If a beneficiary refuses to accept a suitable job offered to him by the employment office, his benefits are suspended for the period of the refusal and for the 4 weeks following the refusal. Employment is not

considered to be suitable if it is inadequately remunerated or materially prejudices the claimant's chance of future employment in his occupation. These two considerations of suitability may be disregarded where the claimant is receiving unemployment assistance, following the exhaustion of his entitlement to unemployment insurance benefits, and there is no prospect of his finding employment in his usual occupation in the foreseeable future. If a claimant refuses without valid reason to obey instructions concerning retraining, the UI benefits are suspended during the period of his refusal.

If an unemployed worker has left his employment without reasonable cause or has been dismissed for misconduct, his benefits are suspended for 4 weeks. Claimants who quit their jobs in anticipation of losing them may immediately be placed under a training plan and granted a training allowance, the costs of which are covered by the UI fund. Where unemployment is the direct consequence of a stoppage of work resulting from a strike, unemployment benefits are not payable to affected workers for the duration of the stoppage. Such is also the case where a lockout is ordered as a measure of defense against a partial strike or slowdown strike or other form of pressure impeding the continuance of work. Where a dismissal grant is paid on the termination of the employment relationship, entitlement to benefits is suspended for the period to which the grant would correspond at the worker's latest rate of remuneration.

Claims for benefits are submitted to the local employment office. That office investigates each claim and then hears the claimant before making a decision concerning the award of benefits. A worker who is dissatisfied with the decision may appeal to the provincial employment office. The decision of that office is made by a joint commission, consisting of representatives of employers and workers in equal numbers, under the chairmanship of an official of the office. The Ministry of Social Administration can exercise its right of revision and quash or modify decisions by the provincial and local employment offices. An authority which had previously decided to refuse benefits can cancel or change its decision. No further appeal by the claimant is admissible, but he can have recourse to special legal remedies. He can file a complaint with the administrative tribunal charging illegality of the decision, or negligence where the employment office fails to act; and he can appeal to the Constitutional Court if it is alleged that the decision violates a right guaranteed under the Constitution.

Cash Benefits: Amount and Duration

The benefit rates are wage related but are applied through a wage-class schedule. The percentage rates vary inversely with the levels of the wage classes and range from approximately 40 to 50 percent of previous earnings. The 1975 maximum monthly benefit allowed was 2,886 schillings. There are also monthly dependents' supplements which in 1975 were payable at the rate of 240 schillings per dependent. The basic benefit and the dependents' supplements together may not exceed 80 percent of the claimant's previous earnings. In addition, workers entitled to family allowances continue to receive them during unemployment.

In 1974 earnings of workers in manufacturing jobs in Austria averaged 7,710 schillings per month. Such earnings would place a claimant for unemployment benefits in the top wage class of the schedule and qualify him for the maximum benefit of 2,886 schillings, less than 40 percent of his wages. If he had dependents, he would be able to draw higher benefits.[2]

The waiting period for benefits is 3 days, beginning on the first day of unemployment. Once a claim for unemployment benefits has been accepted as valid, for the next 3 years the claimant, when unemployed, remains entitled to draw benefits for up to a specified number of weeks, depending on the amount of his past employment. If he has worked for 20 of the last 52 weeks, he will be allowed up to 12 weeks of benefits; if he has worked for 52 weeks during the prior 2 years, up to 20 weeks of benefits; if he has worked for 156 weeks in the last 5 years, up to 30 weeks of benefits.

The payment of benefits ceases upon reemployment and is resumed if the claimant again becomes unemployed before the end of the 3-year period of entitlement, provided his benefits for this period are not exhausted. However, the claimant may file a new claim based on his more recent employment; if he qualifies for a new 3-year period of entitlement to benefits that are not shorter in duration or lower in weekly amount than those remaining to him under the previous entitlement, he will receive benefits under his new entitlement. If the new entitlement is shorter in duration or lower in amount than the previous entitlement, the claimant will receive first the remaining benefits due to him under his previous entitlement and then benefits under the new entitlement.

2. See table 7 - average weekly wage converted to monthly basis.

Workers Subject to Special Treatment

A separate program to provide compensation for workers in the building industry who are unable to work during periods of bad weather is administered by the Federal Minister of Social Administration acting in concert with the Federal Ministers of Finance and of Commerce, Trades, and Industries. The compensation amounts to some 60 percent of the worker's wages.

Special provisions apply to self-employed resin tappers in view of the seasonal nature of their work. They are covered by unemployment insurance and pay the full combined rate of contribution required from insured workers and their employers, but half of this contribution is refunded by the owners of the forests in which resin products are extracted.

Under Austrian social insurance legislation, a male worker at age 60 (female at age 55), after 1 year of unemployment, may retire on pension without a reduction of the pension amount. (The normal pensionable ages are 65 and 60, respectively.) In the coal mining industry, men who have attained age 55 and women who have attained age 50, and who have become unemployed as a result of the curtailment of mining operations or the closing of mines, are granted special assistance equal in amount to the pension payable for permanent disability. The cost of such assistance is shared equally by the unemployment insurance fund and the federal government.

For a working mother who abstains from work to care for her child, unpaid leave benefits are provided for a period up to 1 year after confinement. The amount paid is one-half the normal UI benefit amount; but if the mother is alone and is solely responsible for the care and maintenance of the child, she receives the full UI amount. These benefits are financed from unemployment insurance funds.

Financing

The costs of unemployment insurance benefits and other assistance and services for insured unemployed workers are financed by the workers and employers covered by the program. The former contribute 1 percent of their covered earnings from employment, and the latter contribute 1 percent of their payrolls, subject in each case to a maximum ceiling on the individual worker's earnings reckoned for contribution purposes. In 1975 this ceiling was 7,200 schillings per month, as compared with the average manufacturing wage of 7,710 schillings per month in 1974. A

reserve fund is accumulated so as to keep contribution rates stable despite fluctuations in benefit costs. The reserve may not exceed contributions collected over the previous 5 years. From its general revenues, the federal government meets the cost of any deficit that may occur in the program, presumably resulting from depletion of the reserve fund, and covers one-third of the program's administrative costs. It also pays for up to one-half of the emergency aid granted to needy workers following the exhaustion of their unemployment insurance benefits, the balance being covered by the UI fund.

The costs of compensation to workers in the building industry for loss of work owing to bad weather are covered by a supplement to the unemployment insurance contributions. The supplement amounts to 1.2 percent of earnings subject to the UI contribution rate and is shared equally by the insured workers and their employers in this industry. If in any year the UI contributions of building trade workers and employers and the contribution supplements they pay should not be sufficient to cover all bad weather compensation costs, the general unemployment insurance fund absorbs the remaining costs up to an amount equal to one-half of the total proceeds of the contribution supplements.

Administration and Coordination With Other Programs

The Ministry of Social Administration is responsible for the administration of the various unemployment benefit programs. It is also responsible for employment services carried out through provincial and local employment offices which are managed by tripartite committees comprising state, employer, and employee representatives. Beneficiaries of unemployment insurance are required to present themselves once a month at the local employment office. The benefits are paid through the mail. Contributions for unemployment insurance, along with those for other social insurance programs, are collected by the sickness insurance funds.

In administering unemployment insurance, attention is given to the proper coordination of unemployment benefits with other social insurance benefit programs. Few administrative difficulties arise for UI in the case of sickness insurance since each insured worker is protected against both contingencies. When a worker who is in receipt of UI benefits falls ill, his unemployment benefits are suspended when his sickness benefits become payable. To maintain sickness insurance protection for recipients of UI benefits and emergency aid, the central

government defrays the cost of their continued sickness insurance contributions, normally contributed from earnings. Unemployed workers who cease to draw unemployment benefits may continue their coverage under sickness insurance at their own expense on a voluntary basis. With regard to old-age pensions, a worker who qualifies for a pension, normally payable at age 65 for men and 60 for women, is not simultaneously eligible for unemployment benefits. An unemployed worker may draw any family allowances to which he is entitled concurrently with his unemployment benefits.

Promoting Reemployment

The Ministry of Social Administration operates an employment service which provides placement services, vocational guidance, and training or retraining. Grants are available from the unemployment insurance fund to cover the cost of applying for jobs, moving to a new location, obtaining housing and purchasing work clothes, and for living allowances payable to those in training. The costs of training are shared by the UI fund and general revenue funds. The employment service program also provides for psychiatric and consultative medical services in connection with rehabilitation and reestablishment in useful employment.

Under a productive employment assistance program, financed by general revenues, grants in the form of subsidies or loans may be made to promote measures, useful to the economy and directed in the public interest, to reduce unemployment and in particular to create employment opportunities. The workers participating in such government-approved projects receive normal wages; assistance is given to the sponsors of the project to subsidize their costs. In principal, the subsidy provided is not to exceed the sum saved in unemployment insurance and emergency aid benefits as a result of engaging unemployed workers to carry out the approved projects.

The government also encourages the employment of handicapped workers. By law, private employers are required to hire a percentage of their employees from among workers whose earning capacity is reduced by at least 50 percent owing to a physical disability.

Belgium

Belgium initiated a national compulsory and contributory unemployment insurance program in 1945. This program replaced a voluntary system of state-subsidized unemployment insurance funds dating back to 1920. The current UI program, based on a law of 1963, provides cash benefits, generally unlimited in duration, to unemployed workers who have lost their jobs. The program is financed by workers, employers, and the government.

Supplementing UI benefits are several additional types of compensation for job loss payable in certain industries or under certain circumstances. One type of supplement is provided by a guaranteed subsistence program which operates through employer-financed livelihood guarantee funds set up under collective agreements on an industry basis. Certain industries, including construction, metals, and textiles—all of which normally employ a large number of workers—participate in the guaranteed subsistence program. By Royal Order a collective agreement is binding on all firms in the industry or branch of industry concerned. Under such an agreement an unemployed worker who receives benefits under the national unemployment insurance program may also simultaneously receive supplementary subsistence benefits for a limited period, generally payable for up to 40 days.

Other supplementary benefit schemes of a contractual nature deal with technological and structural unemployment, including partial unemployment in some instances. A special fund, financed by pooled contributions of employers, makes lump-sum severance payments to workers who have been separated from jobs in firms that have been compelled to cease, reduce, or change permanently their activities. These payments, which vary in amount with the worker's years of service, may be drawn along with UI benefits and other forms of compensation.

Belgium provides no unemployment assistance as such. Since there is generally no limit on the duration of unemployment insurance benefits, there is little need for such assistance. Furthermore, beginning in 1975, a guaranteed minimum income scheme, based on a means test, became available for all residents of the country.[1]

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1. "Social Security Abroad," *Social Security Bulletin*, May 1975, pp. 30-32.

Type of System, Scope, and Coverage

The contingency covered by the unemployment insurance program is loss of employment and earnings as a result of circumstances over which a wofker has no control. A worker is considered to be unemployed if he is not working either on his own account or for another person and if he is able and available for work.

With few exceptions, unemployment insurance covers all wage earners and salaried employees on a 5- or 6-day week who work full time and those who work half days by their own choice. Coverage ceases at age 65 for men and 60 for women. Public employees (including railway workers having the status of civil servants), family workers, and domestic servants are excluded from protection. Apprentices are not considered employees during their apprenticeship and therefore are not required to make contributions. They may, however, be eligible for UI benefits if unemployed after the completion of their apprenticeship. There are special schemes for such seasonally affected groups as construction workers, miners, port workers, and seamen.

Eligibility

The qualifying requirement for unemployment insurance benefits (minimum number of days of employment required within the reference period) and the length of the reference period (specified number of months preceding the claim for benefits) vary with the age of the claimant as follows:

Age of claimant (years)	*Qualifying employment (days)*	*Reference period (months)*
Under 18	75	10
18 to 26	150	10
26 to 36	300	18
36 to 50	450	27
50 and over	600	36

Days for which social security benefits (e.g., sickness and employment injury benefits) are payable are treated as days worked for purposes of the qualifying requirement. Days worked for wages at less than the minimum amount fixed by decision of a competent joint labor-manage-

ment committee,[2] or by custom, are not taken into account. Employment outside the country may be taken into consideration in determining the qualifying period if such employment is in any occupation which in Belgium would have given rise to the payment of social security contributions. The relevant reference period may be extended for a period of time, not exceeding 60 months, during which the claimant was unable to report for work because he was disabled, in military service, or in prison. There are alternative requirements based on a 10-year reference period. Claimants who do not fulfill the conditions applicable to their own age category may qualify if they satisfy the conditions for a higher age category. Workers who claim benefits for the loss of part-time employment must satisfy the same employment requirements on the basis of half days of work, e.g., a claimant under 18 must have at least 75 half days of work in the prior 10 months to qualify.

Having established entitlement to benefits, the insured worker retains it so long as the period of unemployment has not been interrupted for more than 15 months. To continue his eligibility for UI benefits, a claimant is also required to be able and willing to work, and available for work, i.e., ready to accept any suitable employment that is prescribed. If a medical examination determines that a claimant whose ability to work is questioned still retains at least one-third of his normal earnings capacity, he is regarded as fit for work. A UI claimant who takes vocational training and is therefore not available to take a job may, nevertheless, continue to draw benefits for the entire period of training. To maintain eligibility, a claimant must usually report each day at the appropriate local agency, which is under the supervision of the National Employment Office, so that his lack of employment can be verified. Daily reporting is waived if the claimant is occupied in looking for employment, attending a training course, or unable to report owing to circumstances beyond his control. Women claimants age 55 or more, men claimants age 60 or more, and those with a disability of at least 33 percent are excused from regular reporting if they are not usually fit for work (an exception to the able-to-work requirement) after their unemployment has lasted for at least a year; however, they must report once a month.

There are a number of grounds for disqualification from benefits, notably leaving employment voluntarily without just cause, discharge for manifest misconduct, and refusal of suitable employment. Strikers or

2. On the basis of collective agreements.

171

those who are unemployed as a direct result of a strike are disqualified if it can be shown that the strike was declared with their consent. The criteria of suitable work relate to occupational and physical aptitude, proposed remuneration, length of the daily absence from home that would be involved in view of the new location of the work offered, and morality standards. The employment must correspond to the claimant's normal job, and the remuneration must be in accordance with wage agreements concluded by joint labor-management committees or with prevailing wage levels in the region if no agreements exist. A claimant may refuse employment entailing daily absence from his home of 14 or more hours (13 or more for women or young workers) without losing his entitlement. An insured unemployed worker over age 21 who is single, widowed, or divorced may not refuse a job entailing the obligation to live where the job is located without forfeiting benefit entitlement. After 3 months of unemployment, a skilled UI claimant is obliged to accept employment even if it is not in his speciality; if he refuses, he will lose his benefits.

The duration of a disqualification imposed because of job refusal, leaving employment voluntarily without just cause, or dismissal owing to circumstances within the worker's control or to manifest misconduct depends on the circumstances of the case; it may vary from 4 to 13 weeks.

All claimants have the right to appeal any decision regarding denial, withdrawal, or limitation of entitlement to unemployment benefits. The appeal lies in the first instance with a labor tribunal, which has primary jurisdiction and in which the workers and employers are represented equally. Appeal in the final instance lies with the labor courts, which serve as appeal bodies and deal with various branches of social security. They are composed of a magistrate and two justices of the peace, one of whom represents the workers and the other the employers.

Cash Benefits: Amount and Duration

The UI benefit amount is a proportion of the claimant's average wage, which is based on all earnings he has received in virtue of his contract of employment, as calculated for the purpose of assessing social security contributions. The benefit rate is generally 60 percent of his average wage. For a single claimant, the benefit rate is reduced to 40 percent of his average wage after he has drawn benefits continuously for a year, or has drawn benefits over the course of a year in periods lasting at least 3 months without any interruptions of 3 or more months. If a claimant

returns to work for at least 3 months and again becomes unemployed, he may make a new application for unemployment benefits and be granted benefits on the basis of the more recent wage earned. Benefit amounts paid are adjusted periodically for changes in the retail price index. As of February 1975, the maximum benefit was 3,305 francs per week, enabling an unemployed worker who earned as much as 5,500 francs a week to receive 60 percent. In 1974, the average weekly wage paid in manufacturing in Belgium was 4,586 francs.[3] The unemployment insurance program does not provide dependents' supplements, but allowances are payable under the family allowance program for eligible children of the unemployed worker.

There is no waiting period; benefits may be drawn beginning with the first day of unemployment. Except for unemployed part-time workers—those who normally work half days—the law places no limit on the duration of benefits. In cases of unusually long or abnormally repeated periods of unemployment, however, some discretion is allowed and exercised by the authorities to curtail benefit duration. Unemployment benefits automatically cease for unemployed workers when they reach the pensionable age (65 for men and 60 for women). Part-time workers who become unemployed may draw benefits up to no more than one quarter of the number of half days worked during the previous calendar year.

Workers Subject to Special Treatment

There are no special provisions in the unemployment insurance program concerning workers in seasonal employment; however, a supplementary fund set up under the guaranteed subsistence program applies to construction workers, and a supplementary tripartite scheme applies to port workers. For both groups, employment is strongly affected by seasonal factors. Seamen, while not engaged in seafaring or any other occupation, may form a labor supply pool and receive waiting allowances provided that they are at the disposal of the shipowners when needed; the allowances are financed by the shipowners and are administered by a committee of representatives of occupational organizations of shipowners, officers, and merchant mariners.

Young persons under 25 years of age who have completed secondary schooling or a full-time occupational training or apprenticeship course of

3. See table 7.

at least 2 years may qualify for UI benefits without meeting the usual employment requirements for their age. If unemployed, they can draw benefits after they have been registered for employment for at least 75 days, provided they have not refused to take any suitable job offered to them. Claims must be filed within 1 year after the completion of schooling or training. Benefits may be drawn for as long as 1 year, a period which may be extended in special circumstances, such as interruption for military service.

Homeworkers who do not usually employ more than two assistants are covered, but special provisions apply to them with respect to the qualifying period of employment. Special provisions also apply to homeworkers claiming benefits if their unemployment is prolonged to an abnormal extent.

Financing

The unemployment insurance program is financed by contributions from insured workers (1.2 percent of earnings) and from employers (1.7 percent of payrolls). The reckoned earnings or payroll on which the contributions are based are subject to a ceiling; the ceiling is adjusted periodically for changes in the retail price index. As of February 1975, the ceiling was 22,950 francs per month, which compares with an average monthly wage of 19,872 francs in manufacturing in 1974.[4] The government matches the employer-employee contributions by adding to the unemployment insurance fund 2.9 percent of subject earnings; in addition, it meets any deficit that may occur in the program. The government also covers the administrative costs of the program.

The supplementary guaranteed subsistence schemes are financed entirely by the employers, generally through the payment of contributions to their industry fund. The contribution rate varies among industry funds from 3.6 to 10.5 percent of payrolls.

Administration and Coordination With Other Programs

Under the supervision of the Minister of Employment and Labor, the National Employment Office administers the unemployment insurance program. The National Social Security Office collects unemployment insurance contributions, together with contributions for other branches of social security.

4. See table 7—average weekly wage converted to monthly basis.

The National Employment Office is managed by a committee whose membership is made up of persons representing the government, the employers, and the insured workers. It comprises central services and about 30 regional offices through which it receives claims, makes decisions concerning claims, and supervises the agencies that pay the benefits. Benefits are paid by local paying offices or by trade unions which have been entrusted with the payment of benefits to their own members.

The National Employment Office is also responsible for administering the employment service, vocational training programs, and other measures to reduce or prevent unemployment. It administers compensation programs that provide employer-financed lump-sum severance payments and government-financed interim benefits to workers unemployed because of structural changes or curtailment of operations in industry.

Various rules govern how UI benefits coordinate with other types of benefits. Unemployment benefits cannot be drawn simultaneously with sickness or disability benefits, but there are arrangements whereby responsibility for the benefit support of an unemployed person who becomes incapable of work is transferred from the unemployment insurance program to the sickness and invalidity insurance program. UI benefits may be combined with employment injury benefits and with family allowances. They cannot be paid concurrently with the old-age pensions which normally become payable under the social security program at age 65 for men and 60 for women; moreover, UI coverage ceases at these ages. UI benefits, however, may be combined with certain other old-age pensions paid prior to attainment of the pensionable age for social security; in such cases, the unemployment benefit amount is limited to 40 percent of previous earnings. Working widows who become unemployed may receive both UI benefits and a survivor's pension at the same time.

Promoting Reemployment

The Minister of Employment and Labor is responsible for manpower policy in Belgium. Under his general guidance, the National Employment Office provides employment services to workers and employers, operates vocational training programs, and administers various cash subsidy programs to promote the employment of unemployed manpower. The National Employment Office functions through a number of regional

employment service centers. They make available, free of charge, aptitude testing and placement services. The regional centers are required to request employers in the area in which they operate to make their manpower needs known and to assist these employers in recruiting workers. Free private placement offices established by trade or philanthropic organizations may be approved by the Minister of Employment and Labor to deal with offers of employment and to engage in placement operations (subject to the supervision and inspection of the National Employment Office). Within the limit of statutory credits provided in the budget of the Minister of Employment and Labor, these private placement offices receive subsidies for placements which they make.

The regional employment service centers deal with special problems of vocational guidance and with preselection and selection of employees, giving special attention to young applicants and to those who are difficult to place on account of their age or the diminution of their physical or mental ability. There is a special vocational service for young persons, which guides them in the choice of an occupation at the beginning of their working life, promotes their acquisition of vocational skills and assists employers in the recruitment and preselection of young manpower. A youth who has completed a full-time occupational training or apprenticeship course may be entitled to unemployment insurance benefits for up to 1 year.

From unemployment insurance funds, the National Employment Office finances vocational guidance and training, as well as retraining of redundant workers in some enterprises. It has set up and directly manages centers for the collective training of unskilled workers and the improvement of the qualifications of skilled workers. It compensates trainees at an hourly rate equal to the wage in the occupation for which they are being trained, up to an hourly ceiling, and provides incentive bonuses. For specified periods, it reimburses employers for 25 percent of the remuneration and fringe benefits that they have provided to trainees. If the employing establishment is located in an area in which economic development is needed, the rate of reimbursement is increased to 35 percent; if the establishment is new or is enlarging in such an area, the rate is 45 percent. The National Employment Office reimburses the travel and relocation costs of workers who change their place of residence to take up new employment or to undergo vocational training.

In the event of the structural reconversion of an enterprise entailing temporary loss or reduction of earnings for members of its work force,

the National Employment Office provides cash assistance for workers affected so that they may receive 90 percent of their previous remuneration for a period not exceeding 6 months, in principle. Interim compensation may be paid for a period of 12 to 15 months to workers dismissed on account of closures of certain undertakings; this compensation is financed entirely by government subsidy.

The National Employment Office subsidizes the wages of workers recruited from among the *hardcore unemployed;* this term includes workers who have received unemployment benefits for 12 months or more in the course of the 18 months preceding their recruitment and who are at least 55 years of age (40 in the case of salaried employees); the age condition may be waived under special circumstances. The National Employment Office also makes unemployed workers available to public authorities for temporary employment. During such employment, the workers remain registered as jobseekers, and part of the wages they receive for their work is paid by the Office.

Canada

Canada first provided for a compulsory contributory unemployment insurance program in 1940 and also established a National Employment Service to operate in conjunction with it. Both were to be administered by a tripartite Unemployment Insurance Commission. The 1940 law was amended on several occasions, and in 1955 it was replaced by a new Unemployment Insurance Act. In 1965, the National Employment Service was transferred from the Unemployment Insurance Commission to the Department of Labor so that it could serve not only insured unemployed workers whose availability for work had to be checked but also the full range of people in the labor market. Subsequently its functions were transferred to the Canada Manpower Division of the Department of Manpower and Immigration. In 1968 the Unemployment Insurance Commission was instructed to study in depth the whole question of unemployment insurance and to recommend changes in the philosophy on which the program was based and in its structure. As a result of the studies and recommendations which ensued, the program was substantially reformed by a new Unemployment Insurance Act, which was enacted and put into effect in 1971. Significant amendments were enacted near the end of 1975 and made effective in 1976. The more important of these amendments are noted briefly at appropriate places in this summary.

The Canadian unemployment insurance program is based on compulsory participation and is jointly financed by the insured workers, their employers, and the federal government. The program is described as it applied in 1975.[1]

Type of System, Scope, and Coverage

The Unemployment Insurance Act of 1971 covers three types of contingencies, all of which involve an interruption of earnings. These include (1) unemployment following separation from employment as the result of dismissal, layoff, or voluntary termination with just cause; (2) temporary incapacity to work because of illness, injury, quarantine, or pregnancy; and (3) separation at retirement. The program provides cash benefits to compensate for the loss of earnings resulting from any of

1. There is no national provision for unemployment assistance in Canada.

these events. This summary deals primarily with the contingency of unemployment.

Coverage under the program is universal and applies to all regular members of the labor force for whom there exists an employer-employee relationship. Apprentices are also covered. The law specifies certain exclusions, including persons employed by a spouse and casual workers employed other than for the purpose of the employer's trade or business. Workers in inconsiderable employment, i.e., workers earning less than $37 a week (1975) or less than 20 times the provincial hourly minimum wage, whichever is less, are excluded by regulation. Also excluded from coverage are all workers age 70 or over, or age 65 or over if a retirement pension under the Canada or Quebec Pension Plan has at any time become payable. (After 1975, the age for termination of UI coverage became 65 in all cases.) In general, self-employed persons are not covered by the UI program; however, a few categories are included, notably fishermen who sell their catch. In covering fishermen, a person such as the buyer of the catch or the head fisherman is designated as the employer, and the methods of determining and allocating earnings are fixed by regulations.

Eligibility

To qualify for any UI benefits, the claimant must have had no less than 8 weeks of insurable employment during a reference period preceding his claim. The claim, if valid, commences an *initial benefit period.*[2] The employment requirement applies to the 52 weeks preceding the claim, or to the period since the start of a prior initial benefit period, whichever is shorter.

A claimant is not entitled to UI benefits for any working day he did not work if he fails to prove that he was able to work and available for work but was unable to obtain suitable employment on that day. If the claimant was unable to work because of illness, injury, pregnancy, or quarantine, benefits are payable but only during the initial benefit period.

2. An initial benefit period begins on the Sunday of the week in which the interruption of earnings occurs or the initial claim is made, whichever is the later. Following the end of an initial benefit period, there may be *reestablished* and *extended* benefit periods during which the claimant may receive benefits if he is eligible for them.

A claimant is disqualified from receiving benefits for up to 3 weeks (up to 6 weeks after 1975) if, without just cause, he

a. refuses or fails to apply for a suitable job that he knows is or will be vacant, or fails to accept such a job after it is offered to him, or neglects to avail himself of an opportunity for suitable employment;

b. fails to carry out a written instruction provided by an officer of the Commission or to attend an interview to which he has been directed and which is designed to assist him in finding suitable employment or in identifying needed training; or

c. fails to attend a recommended course of instruction designed to prepare him for return to employment.

Employment is not considered suitable for a claimant if, although in his usual occupation, it is under less favorable conditions than those prescribed by a collective agreement or recognized by good employers. If the employment offered is not in his usual occupation, it is not suitable if offered either at a lower rate of earnings or on conditions less favorable than those that he might reasonably be expected to obtain. Nor is a job considered to be suitable for a claimant if it becomes available because of a labor dispute.

A claimant is disqualified from benefits for as many as 3 weeks (up to 6 weeks after 1975) if he lost his employment by reason of his own misconduct or if he left it voluntarily without just cause. A disqualification imposed during an initial benefit period, in addition to delaying payment of benefits for the number of weeks specified, reduces the potential duration allowed by the same number of weeks. A claimant who is participating or financially interested in a labor dispute that has caused a work stoppage, or who belongs to a class of workers who are so involved, is not entitled to receive benefits as long as the dispute and work stoppage continue.

To apply for UI benefits, an unemployed worker must file a claim and supply any information required, as prescribed. The claimant must show that he meets all eligibility requirements and that no existing circumstances disqualify him. He must be registered for work with his local Manpower Center. The Unemployment Insurance Commission determines the validity of the claim but may, however, within 14 days of its receipt refer it to a special board (Board of Referees) established to take appeals. A claimant or his former employer may appeal a decision of the Commission to the Board of Referees. The Board consists of

representatives of employers and insured persons in equal numbers and a chairman appointed by the Governor-in-Council. An appeal of the Board's decision lies with an umpire.[3] Umpires are appointed by the Governor-in-Council from among federal and provincial judges who are members of the Pensions Appeal Board set up under the Canada Pension Plan or members of the Tax Review Board. The Governor-in-Council may prescribe the jurisdiction of the umpire. An appeal may be made to an umpire by the Commission, by the claimant or his employer, or by an association of workers or of employers.

Cash Benefits: Amount

The weekly cash benefit amount payable is calculated as a percentage of the claimant's average weekly insurable earnings in his qualifying weeks of employment. Earnings taken into account are subject to a ceiling which is adjusted annually on the basis of an earnings index. In 1975, for a claimant without a dependent, the weekly benefit amount was 66-2/3 percent of his average weekly insured earnings, with a floor of $20 and a ceiling of $123 on the weekly benefit amount payable. There are no dependents' supplements added to UI benefits. Unemployed workers continue to receive family allowances paid to all residents with dependent children. For a UI claimant with a dependent and whose average weekly earnings were not more than one-third of the maximum weekly insurable earnings ($185 in 1975), the benefit amount was set at 75 percent of his average earnings; during the extended benefit period (see below) *all* claimants with dependents drew benefits at 75 percent of their weekly earnings, subject to the same prescribed weekly maximum of $123. (The 75 percent benefit rate was eliminated after 1975.) The maximum weekly benefit allowed is adjusted annually along with the ceiling on insurable earnings. In 1975, claimants who had earned $185 or more a week could qualify for the maximum weekly benefit. In 1974, the average wage in manufacturing was $170 per week.[4]

The weekly benefit amount is reduced by work-related income received by the claimant, including any severance pay, which is in excess of 25 percent of the full weekly benefit amount. If a claimant has earnings for any time worked during his waiting period, these will be deducted from the benefits payable for the first 3 weeks of his benefit period. The benefits received are subject to income tax, which is deducted before payment.

3. Appeals concerning coverage lie with the Pensions Appeal Board.

4. See table 7.

Cash Benefits: Duration

There is a waiting period of 2 weeks at the beginning of an initial benefit period before UI benefits become payable. Prior to 1971 the waiting period was 1 week. An additional waiting week was introduced to facilitate the determination of entitlement, to prevent abuse, and to reduce costs.

The duration of benefits allowed may vary between as few as 8 weeks and as many as 51 weeks, depending on the amount of the claimant's insured employment in his qualifying period and on national, or national and provincial, rates of unemployment. Two kinds of claimants are defined for the purpose of assigning benefit rights, namely, those with a minor attachment and those with a major attachment to the labor force. A claimant who qualifies with fewer than 20 weeks of insurable employment is classified as a *minor* attachment claimant; one who qualifies with 20 weeks or more is classified as a *major* attachment claimant. Major attachment claimants are eligible for benefits for a longer period than are minor attachment claimants and they may qualify for a wider range of benefits, including benefit payments when the interruption of earnings is caused by temporary incapacity and, for older workers, three weeks of severance benefits at the time of retirement.

When an initial claim is filed following a job separation, an initial benefit period is established, and the number of weeks of benefits allowed in this period is determined. Both the length of the initial benefit period and the number of weeks for which benefits may be drawn during that period are based on the number of weeks of insurable employment in the qualifying period, as follows:

Qualifying employment (weeks)	*Length of initial benefit period (weeks)*	*Maximum benefits payable in period (weeks)*
Minor attachment		
8 to 15	18	8
16	20	9
17	22	10
18	24	11
19	26	12
Major attachment		
20 or more	29	15

If the claimant goes back to work before using up his full initial benefit entitlement, he can draw on the remaining balance should he once again become unemployed, provided there is still time remaining in his initial benefit period.

Prior to 1976, a claimant who had major attachment to the labor force could receive prepaid benefits in a lump sum representing the first 3 weeks of unemployment immediately following his waiting period if his job separation was due to a shortage of work and if at the time of the layoff neither he nor his employer expected that he would be reemployed by the same employer within the following 5 weeks. If reemployed before the end of the 5-week period, the amount of the benefits which the claimant received, and to which in view of his reemployment he was not entitled, had to be refunded. If the claimant continued to be unemployed at the end of the 5-week period, he continued to receive, on a weekly basis, the benefits allowed to him in his initial benefit period. (The lump-sum provision was eliminated after 1975.)

A claimant who is again unemployed or continues to be unemployed *after* his initial benefit period has expired can reestablish his claim so as to allow for a further period of 10 weeks in which to draw benefits. This is true for both minor and major attachment claimants. The total potential duration allowed for initial and reestablished benefits combined therefore ranges from 18 to 25 weeks.[5] Thus all claimants reestablishing their claims may draw up to 10 more weeks of benefits regardless of how much employment they had, or whether or not they had used up all their initial benefits. The reestablished benefit period terminates if the claimant is ineligible to receive benefits for 4 consecutive weeks for reasons other than temporary incapacity or full employment. A new initial benefit period may not be established for the claimant until the previous initial benefit period and the reestablished period arising from it have terminated.

Major attachment claimants who have passed through their initial and reestablished benefit periods and are still unemployed may qualify for *extended* benefits. These benefits are payable on the basis of 2 weeks of benefits for 20 weeks of insured employment plus 1 week of benefits for every 2 additional weeks of insured employment. Thus, a major attachment claimant with 20 weeks of qualifying employment may draw

5. For continuously unemployed claimants, there would be a gap in benefit payments after initial benefits were exhausted until the initial benefit period had expired.

a total of 27 weeks of benefits (15 initial, 10 reestablished, and 2 extended). A claimant with 40 weeks of employment may draw a total of 37 weeks of benefits (15 initial, 10 reestablished, and 12 extended), and a claimant who worked 52 weeks may draw a total of 43 weeks of benefits (including 18 extended).

The Canadian unemployment insurance program recognizes that a high rate of unemployment is likely to result in a longer than usual search for reemployment. It therefore provides that where a claimant has used up all his benefit entitlement (including initial, reestablished, and extended benefits) and has been unable to find suitable employment, he may be allowed *additional* benefits during a period of high unemployment. Thus, when the *national* unemployment rate[6] exceeds 4 but is not more than 5 percent, 4 additional weeks of benefits can be paid; when the rate is over 5 percent, 8 additional weeks can be paid. This determination is made only once for a claimant and it cannot be revised even if the national unemployment rate later changes. Both minor and major attachment claimants are eligible for such additional benefits. It can be seen that when the national unemployment rate is more than 5 percent, a claimant who had worked year round would be entitled to receive up to 51 weeks of benefits in all, the maximum allowed under the law.

When the *regional* rate of unemployment in any of the 16 unemployment insurance regions established in Canada exceeds 4 percent and exceeds the national unemployment rate by more than 1 percentage point, additional benefits are payable in the region to both major and minor attachment claimants who have used up all other benefits to which they were entitled. When the regional unemployment rate is above 4 percent and it exceeds the national rate by more than 1 but not more than 2 percentage points, 6 additional weeks of benefits are allowed; when it exceeds the national rate by more than 2 but not more than 3 percentage points, 12 additional weeks are allowed; and when it exceeds the national rate by more than 3 percentage points, 18 additional weeks are allowed. These additional benefits are allowed in the region on top of those provided when the national rate exceeds 4 or 5 percent.

The maximum limitation of 51 weeks on all benefits combined always applies. For example, a major attachment claimant who qualified with 20 weeks of employment and who is in a region where the unemployment

6. The total number of unemployed as a percent of the total labor force.

rate exceeds by more than 3 percentage points a national rate of over 5 percent would otherwise be entitled to a total of 53 weeks of benefits (15 initial, 10 reestablished, 2 extended, 8 additional based on the high national unemployment rate, and 18 additional weeks based on the excessive regional rate), but the total is reduced to the maximum allowed of 51 weeks. A minor attachment claimant with 19 weeks of qualifying employment would, in identical circumstances, be entitled to a total of 48 weeks of benefits, and one with only 8 weeks of employment would qualify for as many as 44 weeks of benefits in all.

Workers Subject to Special Treatment

Prior to the reform of the unemployment insurance program in 1971, certain categories of seasonal workers were accorded special treatment; i.e., they could draw unemployment benefits in their off-season with a shorter qualifying period than that which ordinarily applied.[7] Under the current program with a minimum qualifying period of only 8 weeks of insurable employment, such special treatment for seasonal workers is no longer necessary and is not applied.

Except for the exclusion from UI protection of workers who have reached the age limit for coverage, there is no special treatment of the benefit rights of workers based on age. Nor is any distinction made between men and women with regard to benefit rights.

Unemployment insurance benefits are not payable to claimants who are not residents of Canada, unless they reside in United States border points and are readily available for employment in Canada, or reside in a state that has signed a reciprocal agreement with Canada—all states have done so. The Unemployment Insurance Commission, with the approval of the Governor-in-Council, may make regulations for extending coverage to employment outside Canada under special circumstances.

Financing

The unemployment insurance program is financed by the employers, employees, and the federal government. The employers and employees absorb the costs of initial and reestablished benefits as well as the program's administrative costs. The government share covers the costs of

7. The normal requirement at that time was at least 30 weeks of insurable employment in the 2 years preceding the claim, with 8 weeks in the last year.

any extended and additional benefits and also the excess costs of initial and reestablished benefits resulting when the national unemployment rate is greater than 4 percent. (After 1975, the national unemployment rate used for this purpose was changed from 4 percent to an average rate over a number of past years.)

The employer and employee contributions are based on the employee's weekly insurable earnings. The employer's rate is set at 1.4 times the employee's rate. The maximum weekly earnings reckoned for contribution purposes are adjusted annually by the application of an earnings index, as prescribed. For 1975, the weekly contribution required of an employee was 1.40 percent of his weekly earnings not exceeding $185. The contribution rate for an employer was 1.96 percent. The minimum weekly insurable earnings is the lesser of 1/5 of the maximum insurable earnings or 20 times the provincial minimum hourly wage. All contributions to the scheme are tax deductible.

The Commission may make regulations to provide a system of experience rating under which the contributions to be paid by the employer are related to his yearly average layoff experience. However, small employers would not be required to pay more than 1.4 times their employees' contributions. In measuring layoff experience for this purpose, job separations of employees in specified categories, such as students or workers voluntarily leaving employment without just cause or by reason of misconduct, would not be taken into account. So far, experience rating regulations have not been established.

No specific provision is made for the establishment or maintenance of a reserve fund. Since 1971, however, operating deficits have accumulated. Contribution rates were increased in 1974 with a view to recouping these deficits over the next few years.

The law provides for the establishment and operation of an Unemployment Insurance Account. The Account is credited with employer and employee contributions and an amount sufficient to cover the government's share of benefit payments. The Account is charged with all amounts paid out for benefits and for the cost of administration. The Minister of Manpower and Immigration submits a report to Parliament each year on the status of the Unemployment Insurance Account and on the operation of the Commission, together with a report of the Auditor General.

Administration and Coordination With Other Programs

The unemployment insurance program is administered by a tripartite Unemployment Insurance Commission. The Commission consists of three individuals who are appointed by the Governor-in-Council, one of whom he designates as chairman. Each of the other two commissioners is appointed after consultation with organizations representative of workers and of employers, respectively. The Commission is charged to administer the Unemployment Insurance Act of 1971 and, on the recommendation of the Minister of Manpower and Immigration, to assume such other duties and responsibilities as the Governor-in-Council requires. The collection of contributions, however, is administered by the Department of National Revenue. Employment services for UI claimants are provided by the Manpower Division of the Department of Manpower and Immigration. The Commission reports to Parliament through the Minister of Manpower and Immigration. A tripartite Advisory Committee, appointed by the Governor-in-Council, reviews the program from time to time and reports on the operation of the Act, the program's finances, and the adequacy of its coverage and benefits.

The Commission operates the program through a system of regional and local offices. Unemployed workers file claims for benefits at their local offices and register themselves as available for employment at local Manpower Centers. They report weekly or biweekly to a UI office, as directed. Benefit payments are made by mail.

Proper coordination between unemployment insurance and other public benefit programs is handled in various ways. Since protection against interruption of earnings caused by temporary incapacity for work is provided as an integral part of the unemployment insurance program under the Act of 1971 and is administered by the Unemployment Insurance Commission, there are no problems of benefit coordination. The benefit amounts are the same for unemployment and for temporary incapacity, but benefits are not payable beyond the initial benefit period for the latter contingency. If an unemployed worker who is drawing UI benefits during the initial benefit period becomes sick, he continues to draw until his initial benefits are exhausted. He may not draw any further UI benefits to which he is entitled until he recovers and is again available for work. An insured worker is not entitled to UI benefits for any week for which he receives benefits under workmen's compensation for temporary total incapacity owing to an occupational illness or injury.

Before 1976, coverage, contributions, and benefit rights under the unemployment insurance scheme terminated at age 70 or when a retirement pension under the Canada or Quebec Pension Plan became payable, which could occur at age 65. (Since 1975, the age limit has been reduced to 65 in all cases.) Concurrent receipt of UI benefits and retirement pensions is thereby prevented. A special severance allowance equal to 3 weeks of unemployment benefits is provided under the unemployment insurance program for retiring major attachment claimants in order to tide them over the period until the retirement pension payments begin. Working widows who receive survivor's pensions may draw UI benefits along with their pensions when unemployed. Unemployed workers entitled to family allowances, which are payable to all residents with dependent children, may draw these allowances simultaneously with their UI benefits.

Promoting Reemployment

The Unemployment Insurance Commission is charged to develop and administer a claimant assistance program to provide guidance in job searching and information on job vacancies and retraining possibilities. Where appropriate, the Commission directs claimants to agencies for job placement, counseling (which may result in referral to a Canada Manpower Retraining Program), or financial assistance. The provision of such claimant assistance is handled through close cooperation between the Unemployment Insurance Commission and the Manpower Division of the Department of Manpower and Immigration.

The Unemployment Insurance Act requires the Minister of Manpower and Immigration to maintain the national employment services. The Manpower Division of the Department of Manpower and Immigration is responsible for the counseling and the placement of workers, the recruitment of workers to meet industry's requirements, manpower training and mobility, the rehabilitation of vocationally handicapped workers, and manpower adjustment and employer consultation services. With funds appropriated from general revenues, it may provide financial assistance to unemployed and underemployed workers so that they may move with their families to other parts of the country where jobs are available to them. The costs of training and of any training allowances that may be paid are also financed out of general revenues. UI claimants who attend a course of instruction or training to which they were referred by the Manpower Division are eligible to draw on their UI benefit entitlement.

France

Public income support for unemployed workers in France dates back to about the beginning of the century. At that time arrangements were made for government subsidies to private contributory unemployment benefit funds which in most cases were organized by trade unions or mutual benefit societies. A national noncontributory unemployment assistance scheme was established in 1915 to provide allowances to the needy unemployed through public unemployment funds which were created and operated locally by communes and *départements* and subsidized by the national government. These two programs of government subsidies continued with little change for the next 35 years. By 1951, however, subsidized private contributory plans had virtually disappeared even though public subsidies were still available. Essentially, the only general support for the unemployed came through public unemployment assistance, but even these allowances were not available in all parts of the country. Legislation was enacted in 1951 to improve these programs and to provide grants for work projects affording employment opportunities for the unemployed.

At the end of 1958 a labor-management agreement of national scope was concluded to provide unemployment insurance benefits for workers who had been employed in one of the industrial or commercial sectors covered by the agreement and who had lost their jobs. Originally this UI program applied to all firms in France belonging to trade associations or interoccupational organizations which were affiliated with the National Council of French Employers (CNPF). A law enacted in 1967 made the unemployment insurance scheme compulsory, thus obliging *all* firms or persons employing workers in the industrial and commercial sectors of the economy to insure their employees against unemployment. The UI program is administered by joint labor-management bodies at the national and regional levels, notably the National Inter-Occupational Union for Employment in Industry and Commerce (UNEDIC) and the Association for Employment in Industry and Commerce (ASSEDIC). This UNEDIC-ASSEDIC scheme is a private contributory insurance program which receives no financial assistance from the government. In recent years, through separate labor-management agreements, a number of special or supplementary elements have been added to the general scheme. These include, for example, compensation for partial unemployment and a special income guarantee for older unemployed workers. An agreement adopted near the end of 1974 provides a higher

level of benefits for workers who lose their jobs because of specified economic reasons; these benefits are financed, in part, by government funds.

In order to coordinate the public unemployment assistance program more uniformly and effectively with the UNEDIC-ASSEDIC unemployment insurance scheme, the public assistance program was extended in 1967 to cover unemployed workers in all municipalities in France. At the same time the central government was made responsible for the operation and financing of the assistance program. The assistance allowances were made payable subject to an income test that is waived for the first 3 months of unemployment.

In summary, the present French system of income support for unemployed workers includes (a) a national public unemployment assistance program financed entirely by the central government, and (b) a national compulsory unemployment insurance scheme financed by contributions and operating on the basis of a national labor-management agreement. A number of special unemployment benefit schemes apply to workers in certain occupations or who become unemployed under certain circumstances. Besides these income support programs, there are various measures applied by the government to promote reemployment or to prevent unemployment.

Public Unemployment Assistance

Assistance allowances are available to all employees who for reasons beyond their control have become totally or partially unemployed and who are in need. To qualify for full unemployment assistance (payable for total unemployment), a claimant must be under 65 years of age and have worked for at least 150 days (or 1,000 hours in the case of intermittent work) during the 12 months preceding the claim. He is disqualified if he lost his job through his own fault, if he left it voluntarily without just cause, or if he has refused to accept suitable employment or vocational training.

The claimant must be in a state of need as determined by an income test. The income test, however, is waived during the first 3 months of unemployment. In this period, therefore, all unemployed workers may receive benefits under both the assistance and the insurance programs. Assistance continues beyond the first 3 months only if the total income of the beneficiary and his family does not exceed a prescribed amount. As of 1975 this amount was 21.45 francs a day for a single beneficiary, 40.29

francs for a beneficiary with a non-dependent spouse, and 78.10 francs for one with a dependent spouse. The income limits were increased by 3.85 francs per day for a dependent child and 9.60 francs per day for a dependent other than a child.

Assistance allowances are payable at a flat rate. In 1975, this rate was 12 francs a day for the first 3 months of unemployment and 11 francs from the 4th month onwards, plus supplements of 4.80 francs for each dependent. Supplements are payable for a dependent spouse and for each child under 21 who does not work or is incapable of earning a living as a result of infirmity or illness, provided that the unemployed worker cannot claim family allowances for that child.[1]

The waiting period for unemployment assistance is 3 days. There is no limit to the duration of full assistance but the allowance rate is reduced by 10 percent at the expiration of each year of assistance. The total reduction for workers over age 55 may not exceed 30 percent unless dismissal occurred after age 55.

Partial unemployment assistance is available to workers who remain under contract to their employer but are deprived of earnings owing to a temporary closing of the enterprise where they work, or to a reduction in their work schedule to fewer than 40 hours per week. In 1975 the partial assistance allowance rate was 2.10 francs per hour not worked plus an increment of 0.84 francs per hour per dependent. Allowances are payable up to a maximum number of hours in a calendar year, varying with prescribed circumstances between 80 and 320 hours.[2] There are no age or prior employment requirements for partial assistance allowances. These allowances are not available to seasonal workers.

Unemployment assistance benefits are financed entirely by the national government from general revenues. Under the general supervision of the Ministry of Labor, the program is administered by the Social Security Directorate in cooperation with the National Employment Agency. The latter is a public body responsible for employment services and reemployment promotion. It receives and investigates claims

1. In France family allowances are payable for a second child and for subsequent children under age 16 (age 21 if a student) to all persons—including employed workers, social insurance and assistance beneficiaries, and others who cannot work—with two or more dependent children.

2. The total number of hours allowed is coordinated with the provisions for partial benefits under the supplementary compensation agreement, which is described in the section on Unemployment Insurance.

for unemployment assistance through its regional and local employment offices. Municipal authorities may assist in the operation of the program. The allowances are paid through the offices of the ASSEDIC where they are coordinated with any unemployment insurance benefits that may be paid.

Unemployment Insurance (UNEDIC-ASSEDIC Scheme)

The general unemployment insurance scheme, although by law a compulsory national system, is financed and operated entirely by employers and workers through the organs of their labor-management associations (UNEDIC and ASSEDIC). The government exercises only general supervision over the scheme through the Ministry of Labor. The UI benefits paid to unemployed workers under the general scheme are combined with any public unemployment assistance allowances that may also be payable to these workers.

Type of System, Scope, and Coverage. The general UI program provides benefits to compensate for earnings lost during the total unemployment of workers normally employed on a regular and continuing basis and whose employment has been involuntarily interrupted or terminated. The scheme applies to all employers in industry and commerce who employ one or more workers. Each employer coming within the scope of the UNEDIC-ASSEDIC unemployment insurance agreement must subscribe to the agreement for his area and industry within 2 months of engaging his first employee. Public industrial and commercial establishments operating under the authority of the government, industrial and commercial establishments under the control of local public authorities, and semi-public companies in which local authorities have a majority holding may either join the UNEDIC-ASSEDIC system, or provide unemployment benefits for their employees directly or through a separate agreement with the scheme. The UI program covers employees under age 65, or under the normal age of retirement, if lower. Excluded from coverage are domestic servants, public employees, family labor, and part-time employees. Special schemes apply for building and dockworkers, merchant seamen, aviators, and certain agricultural employees, and also for older workers and workers who have lost their jobs because of economic reasons. There is a special scheme to provide partial benefits in case of reduced work schedules.

Eligibility. To qualify for UI benefits under the general program, the claimant must have been employed at least 91 days, or 520 hours, during

the 12 months preceding his claim by one or more employers covered by the insurance program. Days not worked but for which cash benefits were paid by the social security system (e.g., sickness and maternity insurance benefits) and time spent in vocational training centers are counted toward the employment requirement. In the case of training, the time credited may not exceed 60 days or 360 hours. The claimant also must be under 65 years of age and be physically fit for work. He must register with the local section of the National Employment Agency or with the local manpower office. Certification of registration constitutes a presumption of physical fitness.

UI benefits are not payable for the first 5 weeks of unemployment to workers who leave their employment voluntarily without a legitimate reason. The claimant is not eligible for benefits if he has been dismissed for serious misconduct or if he refuses employment deemed suitable or refuses to follow a course of occupational training to which he has been referred by the National Employment Agency. Employment is considered unsuitable (a) if it is not in the previous occupation of the claimant or in a related occupation; (b) if, in view of the type of work the claimant previously performed, it is beyond his physical or occupational capacities; or (c) if it is not remunerated in accordance with current wage regulations and agreements. Furthermore, in assessing suitability of employment, account is taken of the distance between the proposed workplace and the claimant's residence and of transportation facilities and available housing.

Workers whose unemployment arises out of a collective labor dispute are not eligible for unemployment benefits, but the Minister of Labor may authorize the payment of benefits if a lockout lasts for more than 3 days. Benefits are not payable during periods covered by dismissal or severance pay.

A claimant for unemployment insurance benefits who is dissatisfied with a decision of the administrative authorities regarding his eligibility may submit a complaint to a regional committee in which workers and employers belonging to the occupations and industries most seriously affected by unemployment are equally represented. If the claimant is not satisfied with the committee's response, he can appeal to an administrative tribunal. A final appeal can be made to the Council of State, which consists of three jurists.

Cash Benefits: Amount and Duration. The UI benefit payable is equal to 35 percent of the average wage earned by the claimant during the last 3

months of his employment. The average wage is established on the basis of earnings subject to contributions which, in 1975, did not exceed a ceiling of 11,000 francs a month. Severance pay received in virtue of the termination of employment does not enter into the average wage calculation. During an initial continuous period of compensated unemployment, the 35 percent benefit rate is increased by 15 percent, bringing the benefit to 40.25 percent of the average wage. The initial benefit period is the first 3 months of unemployment for claimants under age 50, the first 6 months for those between 50 and 55, the first year for those between 55 and 58, and the first 2 years for those over age 58. A claimant applying for benefits under the general UI scheme in 1975 who earned a weekly wage of 360 francs (the 1974 average wage in manufacturing) would have been entitled to draw during the first 3 months of his unemployment a UI benefit of 145 francs per week.[3] He would also have been entitled to unemployment assistance during this period, raising his combined benefits to about 60 percent or more of his wage, according to the number of his dependents. Dependents' supplements are not payable under the UI scheme but are under the assistance program. The total compensation received may not exceed 90 percent of the previous wage for claimants with no dependents and 95 percent for those with dependents. UI benefits received are subject to the income tax; assistance allowances received are not.

There is a waiting period of 1 day for each period of compensated unemployment. The maximum duration of UI benefits payable in each period depends on the age of the claimant when his employment terminates. For beneficiaries who are under 50 years of age, duration is limited to 365 days; for those between 50 and 55 years of age, 609 days; and for those who are over age 55, 730 days. To qualify for a new period of compensation, a claimant must satisfy the required conditions on the basis of employment since his prior period of unemployment. If he did not exhaust his maximum benefit entitlement in the prior period, he may first use the balance remaining, within a prescribed period, and then establish entitlement for another period of benefits, if needed.

Workers Subject to Special Treatment. For certain categories of workers, such as building workers, dockworkers, seamen, aviators, and some farm workers, income support during unemployment is available on a basis different from that available to workers in more stable and less seasonal employment. For example, casual dockworkers, while

3. See table 7.

unemployed, are entitled to unemployment assistance allowances under the normal statutory conditions, but not to any other compensation for unemployment. Regular dockworkers who become unemployed may be eligible for a guaranteed wage from a fund derived from employer contributions instead of UI benefits under the general scheme; they are not entitled to unemployment assistance allowances.

For workers in the building industry and in public works, compensation for unemployment or reduced worktime because of bad weather is provided by a special program contracted by their employers with a fund that finances paid holidays in the building industry and which is supported by employer contributions. Unemployment assistance allowances are not payable for this contingency. The scheme pays unemployment benefits to employees who have worked not less than 200 hours during the 2 months preceding the interruption of employment. The benefits are payable on an hourly basis at the rate of three-fourths of the hourly wage received by the worker on the day preceding the interruption of employment. The number of hours compensated may not exceed 8 in a day, and such compensation may not be paid for more than 60 days in a calendar year.

Workers who are partially unemployed, i.e., reduced to fewer than 40 hours of work per week, may receive benefits provided by a special supplementary compensation program, based on an agreement concluded in 1968 between the National Council of French Employers and the trade union confederations. Supplementary hourly allowances are payable by employers under this agreement. To qualify for such allowances, the employee (a) must have had at least 1 year of service with his current employer, (b) must not have refused to take substitute employment at equivalent pay or to work alternative hours set by the employer within the year following the last period of partial unemployment, and (c) must have been paid for an average of less than 40 hours of work per week during the last 2 weeks or the last month, depending on the system of payment. In each calendar year, the number of hours of compensation allowed is limited to from 80 to 320, depending on the occupation or industry. The supplementary partial benefits may be combined with any public unemployment assistance payable in case of reduced workdays. The supplementary compensation is financed directly by the employer concerned. There is no sharing of the cost of these benefits among the employers who are party to the 1968 agreement. In 1975 the government provided employers with subsidies covering 90 percent of their partial benefit costs. These subsidies were designed to

encourage retention of workers and to ensure replacement of 50 percent of the hourly wage up to a maximum of 470 hours.[4]

A national labor-management agreement concluded in 1972 guarantees a given level of income to a wage earner who is covered under the general UI scheme and who is dismissed after age 60.[5] The agreement calls for adding sufficient compensation to any unemployment assistance allowed and any UI benefits payable under the UNEDIC-ASSEDIC program so as to assure the unemployed worker a total income equal to 70 percent of his recent average wage, based on earnings subject to UI contributions. To qualify for this guaranteed level of income, the dismissed older worker must have been affiliated for at least 10 years with a general social security scheme through employment that falls within the scope of the UNEDIC-ASSEDIC unemployment insurance program. He must also produce evidence of continuous employment with one or more employers covered by the UI scheme during the 5 years preceding his dismissal. A waiting period, to be served before the income guarantee becomes available, ranges in length up to 6 months, varying inversely with the age of the beneficiary. The guaranteed level of income provided by the combined unemployment benefits and supplements is payable as long as the recipient remains unemployed and until his retirement pension is awarded.

A collective agreement concluded in October 1974 between the National Council of French Employers and the trade union confederations established a program to provide full income support to unemployed workers whose jobs have been eliminated for economic reasons.[6] The term *economic reasons* is defined in the agreement as meaning business failure or structural change, and includes declared bankruptcies and liquidations. The significant condition is that the dismissal be certified as caused by cyclical or structural factors that led to the cancellation of the job. The benefits are provided only in the event of total unemployment following either individual or collective dismissals. To qualify for benefits under this agreement, the claimant must be under age 60 and physically fit for employment; he must have contributed to the UNEDIC-ASSEDIC UI scheme for 6 out of the 12 months prior to

4. National Commission on Manpower Policy, Special Report No. 3, *Recent European Manpower Policy Initiatives* (Washington, D.C., Nov. 1975), p. 9.

5. Workers over age 60 who are laid off in a *collective* dismissal receive special public allowances; this program is described in the section on Promoting Reemployment.

6. Information about this agreement is drawn largely from *The Times* (London), Oct. 15, 1974. The agreement was reenforced by legislation enacted in January 1975.

the layoff; he must apply for unemployment assistance and register with the National Employment Agency; and he may not refuse, without valid reason, to take a job or training course recommended by the National Employment Agency. While a claimant is receiving benefits under this scheme, a joint committee is required to review his circumstances at 3-month intervals to ensure that he is seeking reemployment. The benefits are payable at a rate equal to 90 percent of the claimant's previous gross average wage, based on earnings subject to UI contributions. During the first 3 months of unemployment, when unemployment assistance allowances are provided without an income test, the total compensation paid (90 percent of the wage) under the agreement includes any allowances payable to the claimant. (The benefits amount to about 100 percent of the previous net wage, i.e., after deductions for taxes and social security contributions.) The unemployment benefits under this program are payable for up to 12 months. The scheme is operated by UNEDIC and ASSEDIC, but it is financed independently of the general UI scheme by contributions of employers and employees covered under the agreement, on a 4 to 1 basis, respectively, and a lump-sum grant by the government. The employer and employee contributions for this program are in addition to their contributions for the general UI scheme and are maintained in a separate fund.

Certain unemployed jobseekers who have never been employed by an employer covered by the UI scheme, or who have not been employed long enough to qualify for UI benefits, may qualify for special benefits under the general scheme. Included are young persons who, within 6 months of release from their compulsory military service, seek employment in a branch of activity covered by the UI scheme; persons holding recently acquired vocational training certificates or technical education diplomas who have been registered as seeking employment for at least 6 months; and former agricultural wage earners over age 21 who have applied for adult vocational training with a view to establishing a trade coming within the scope of the scheme.

Financing. The general unemployment insurance scheme is financed by employee and employer contributions and an entrance fee paid by employers for each new employee. The amount of the entrance fee depends on the financial position of the scheme when the obligation for the new employee becomes due. The regular contribution rates are adjusted on an ad hoc basis to meet emerging liabilities. As of July 1975, the UNEDIC-ASSEDIC general UI program required contributions

197

totaling 2.4 percent of wages and salaries not in excess of 11,000 francs per worker per month. The employer's contribution rate was 1.92 percent, 4 times the employee's rate of 0.48 percent. Contributions are paid into a national unemployment compensation fund. This fund also finances the additional compensation provided under the 1972 agreement which guarantees unemployed workers dismissed after age 60 total benefits equal to 70 percent of their wage.

Administration and Coordination With Other Programs. To administer the general unemployment insurance scheme, the collective agreement of 1958 set up the two labor-management organizations, UNEDIC and ASSEDIC, and a National Joint Commission with powers to issue and interpret regulations. Both UNEDIC and ASSEDIC are directed by bipartite councils. Council members and members of the National Joint Commission are appointed by the employers' and workers' organizations that have signed the collective agreement. UNEDIC, which is constituted by national labor-management organizations that have various general objectives (including studies in the field of employment and liaison with the public authorities), compiles and publicizes decisions of the statutory bodies of the scheme and supervises their application. It is responsible for the administration of the national unemployment compensation fund from which the benefits and the costs of administration of the UI program are paid. ASSEDIC collects the contributions to the fund and pays the UI benefits. ASSEDIC is authorized by the government to pay the unemployment assistance allowances as well so that the two benefits may be properly coordinated. UNEDIC and ASSEDIC also administer the 70 percent income guarantee scheme for dismissed older workers and the full income support scheme for workers dismissed for economic reasons. Municipal agencies may handle disbursement of unemployment benefits in localities where neither UNEDIC or ASSEDIC maintains offices. The Social Security Directorate of the Ministry of Labor exercises general supervision over the administration of the unemployment benefit programs. The local offices of the National Employment Agency are responsible for taking and verifying claims for unemployment benefits and allowances.

France provides a full range of social security benefits. Certain rules apply to ensure the proper coordination between these and the unemployment benefits. For example, unemployment benefits cease if the beneficiary becomes eligible for sickness, maternity, or employment injury benefits or for an old-age pension under the social security system.

Unemployment benefits also cease if the beneficiary is admitted to a vocational training center and receives training allowances corresponding to the unemployment benefits. In the event of the death of a married male UI beneficiary, his widow is entitled to a lump sum paid out of unemployment insurance funds equal to 120 times the daily benefit which her husband had received. Family allowances for a second child and subsequent children are paid concurrently with unemployment benefits.

Promoting Reemployment

In 1967 the government established the National Employment Agency under the authority of the Ministry of Labor to undertake the major responsibility for operating the public employment service. During recent years many diverse measures have been taken in France to facilitate industrial conversion and decentralization and to adjust the labor force to the needs of the economy, as well as to protect workers against the loss of income and job security.[7] The National Employment Agency functions in support of these measures. It is responsible to the government for surveys as to available employment and the placement of workers, the functioning of the national employment exchange, the registration of workers for jobs, and the provision of labor market information. It is to some extent responsible, at the initial stage, for making arrangements for vocational training; in liaison with other bodies, it guides persons seeking work to appropriate training facilities.

National Employment Fund. Legislation enacted in 1963 grouped together, under the title of the National Employment Fund, a number of governmental budget credits to promote the occupational and geographical mobility of the labor force and its redeployment. The credits corresponded to the liabilities assumed by the government, through the Ministry of Labor, to provide workers with direct and indirect assistance, the latter through employers.

Direct help in seeking a new job is available through the employment service to workers who are either unemployed or threatened with redundancy. Direct assistance also takes the form of transfer allowances, which include a transfer grant, allowance for furniture removal, and an installation allowance, the latter varying in amount with the distance of the move, the housing conditions in the new location, and the family

7. For a full description of such measures see International Labor Office, Second European Regional Conference, Report III, *Income Security in Europe in the Light of Structural Changes* (Geneva, Jan. 1974).

situation of the person concerned. The amounts payable for such direct assistance range from a minimum of 800 to a maximum of 2,400 times the hourly guaranteed minimum wage. Originally, transfer allowances were generally confined to workers who had followed a vocational training course. They are now also available for certain key workers in firms with limited possibilities of expansion that are decentralizing their operations into regions of underemployment. The allowances are granted only if the authorities consider the transfer of the employees concerned essential to the operation of the enterprise in its new location.

Various agreements covering indirect assistance are made between the National Employment Fund and employers. These agreements are adapted in each case to the circumstances of the firm or region concerned. The assistance is authorized by statute and provides for employment security and income maintenance. Where structural changes, such as mergers and conversions of undertakings, lead to redundancy, the employer must first dismiss workers over age 60 who are eligible for benefits under the special guaranteed income scheme.

The National Employment Fund provides grants for training and retraining allowances to firms that as a result of conversion, reduction, or closure must retrain their staff, either within the undertaking or elsewhere, so as to avoid dismissals or to facilitate future redeployment. Allowances are also available from unemployment assistance funds, irrespective of family means, for workers attending courses in an adult training center or in other courses approved by the Ministry of Labor. Such allowances may be paid to workers who have not lost or are not about to lose their jobs but who wish to enter an occupation which has been officially established as being in need of manpower.

The National Employment Fund finances temporary *degressive* allowances to workers who have been included in a collective dismissal. These allowances provide interim assistance for dismissed workers who cannot be retrained and who, while awaiting suitable redeployment, are obliged to accept jobs at a lower rate of pay than their previous wages. The degressive allowances supplement the new lower wages of these workers so that they generally receive, in total, 90 percent of their former hourly pay during the first 6 months and 75 percent during the following 6 months.

Special weekly allowances are granted by the National Employment Fund to workers who were over age 60 at the time of a collective dismissal and who cannot be redeployed. (Workers dismissed after this

age on an individual basis are covered by the special UI scheme of guaranteed income.) The allowances usually amount to 90 percent of the worker's former wage for a 40-hour week and are payable until he reaches age 65, in anticipation of the full retirement pension he will receive at that age.

The Redundancy Act of January 1975 instituted a new type of agreement covering indirect assistance from the National Employment Fund whereby, in the event of danger of redundancy, the Fund may take over from the employer part of the cost of paying redundancy or severance pay to workers who have been laid off. Such an agreement can be concluded only if there is serious danger of a mass layoff.

Young Workers. The National Employment Fund finances vocational training allowances, equivalent to 110 percent of the minimum guaranteed wage, which are payable to young persons who are unemployed, registered as jobseekers, and attending an approved adult vocational training course. Workers under 20 years of age who have been employed for more than 6 months are entitled to a period of paid leave for training purposes. Young persons are entitled to unemployment assistance benefits even before they have been employed if they have reached the age of 17 and fulfill prescribed conditions as to registration and education. Mobility allowances are available for young persons who, within a given period, have failed to find their first paid job in an area near their usual place of residence and who therefore must move to another district. During 1975, in response to the recession-induced restriction of employment opportunities, the government broadened training programs available for youths.

Handicapped Workers. Under the Handicapped Workers' Reemployment Act of 1957, handicapped workers are guided by regional committees towards suitable employment, either immediately on becoming available for work or after functional readjustment and vocational rehabilitation. Such persons have priority in regard to employment in private firms and enterprises in the semi-public sector, and these employers must employ a quota of handicapped workers. Special allowances are available for handicapped persons which, along with the expenses incurred in their vocational training and redeployment, are met from public assistance funds without the application of any family means test. In the event of a reduction or temporary cessation of activity by a sheltered workshop, eligibility for unemployment insurance benefits may be extended to handicapped workers who have been

201

affected and thus become unemployed even though their employment contract has not been terminated.

Job Security-Guaranteed Income Agreement. A national job security agreement concluded by labor and employer organizations in 1969 provides for a guaranteed income if, as a result of changes within a firm, a worker who has been employed by the firm for at least 2 years is downgraded. He is entitled to his previous wage for a time equal to the period of notice specified by the agreement and then to a temporary degressive allowance based on the difference in amount between his previous and his new wage. The allowances concerned are paid out of UNEDIC funds. Under subsequent agreements, certain workers dismissed for economic reasons could benefit from an income guarantee beyond the period of notice if they were undergoing appropriate vocational training.

Germany, Federal Republic

By the end of the 19th century, in Germany, as in other countries of Western Europe, trade unions and voluntary communal insurance funds were providing financial help for members who had lost their jobs. Following the end of the First World War, public relief measures were taken to assist the victims of the severe and widespread depression of the postwar years. In 1927 a compulsory contributory national unemployment insurance program was established by legislation for all wage earners and for lower paid salaried employees. In the years between 1928 and 1932 the distinction between unemployment insurance and unemployment relief (based on a means test) tended to become blurred, and by 1939 unemployment insurance had been replaced by assistance, although contributions were still being collected. Unemployment insurance was reestablished after World War II, and in 1952 a Federal Institution for Placement and Unemployment Insurance was established to administer the program.

The current program is governed by the Employment Promotion Act of 1969. The measures provided for in the Act are intended to contribute towards the prevention of unemployment and underemployment, as well as to assist workers who become unemployed. These measures are carried out by the Federal Employment Institution, whose functions were expanded by the 1969 legislation beyond those of the former administrative authority (the Federal Institution for Placement and Unemployment Insurance) so that it could play a larger role in implementing government policy with regard to employment and the labor market. The 1969 Act provides for unemployment insurance benefits, financed by compulsory contributions, and for noncontributory unemployment assistance to indigent unemployed workers who are not eligible for UI benefits. Recipients of either type of income support must demonstrate attachment to the labor market; they must be registered with an employment office and available for job placement. The unemployment insurance provisions of the Employment Promotion Act are described below; in many respects the provisions which apply to unemployment assistance are the same.

Type of System, Scope, and Coverage

The unemployment insurance program provides compensation to a worker for loss of earnings owing to permanent separation from his job; he must be seeking a job and available for placement. The program also

provides benefits, on a somewhat different basis, to those laid off temporarily or placed on short-time work schedules for economic reasons. All benefit recipients must be capable of work and available for employment of more than 20 hours a week.

Generally, the program covers all workers, including homeworkers, employed as wage earners or salaried employees. It also covers apprentices, persons engaged in on-the-job training, and persons performing military or substitute civilian service. UI protection ceases for the worker when he reaches the age of 65, the normal age of pensionable retirement. Students, disability pensioners, workers employed in part-time or temporary jobs who are not available for regular work on a permanent basis, and persons engaged in casual work or in work of negligible importance are *not* covered, and therefore pay no contributions.

Eligibility

To qualify for UI benefits, an unemployed worker who has been permanently separated from his job must have contributed on the basis of his earnings for at least 26 weeks or 6 months within a reference period of 3 years immediately preceding the first day of unemployment. He must also fulfill all other conditions required for entitlement to benefits. The reference period supporting the current claim may not overlap any prior reference period on the basis of which the unemployed worker had qualified for benefits. An employed worker is exempt from the payment of contributions when he reaches the age of 63; if he becomes unemployed, his employment after age 63 is credited toward the qualifying requirement as if the contributions had been paid.

To be eligible for benefits, the claimant must be involuntarily unemployed and capable of, available for, and willing to work. Although unemployment benefits are normally payable only to claimants who are able bodied, partially disabled workers who are considered capable of being reemployed are entitled to such benefits if they do not satisfy the conditions for invalidity benefits. The claimant must be registered at the employment office. Failure to register as ordered by the local employment office may result in the denial of benefits for a period of up to 4 weeks.

If an unemployed worker has without valid reason voluntarily terminated his employment, if by his misconduct on the job he has given his employer cause to dismiss him, if he has refused an offer of a suitable

job, or if he has refused to take part in, or has abandoned, vocational training for which the local employment office has agreed to grant him training incentives, he is disqualified for benefits for 4 weeks. A worker is considered to have valid grounds to leave or refuse employment if the work is not suitably remunerated, if it is beyond his physical or mental capacity, if it is vacant because of a strike or lockout, or if it requires him to be separated from his family, which will be left in difficult or unsatisfactory circumstances. In a case where the 4-week disqualification would involve particular hardship, it may be reduced to 2 weeks. Should the behavior of the insured person again give rise to such a disqualification, his entitlement to benefits would be completely forfeited.

If an employee is unemployed because of his participation in a labor dispute, his entitlement to unemployment benefits is suspended until the end of the dispute. If he is unemployed on account of a labor dispute in which he does not participate, his entitlement is suspended until the end of the dispute if the object of the dispute is to alter the conditions of employment in the establishment where he has been working or if the granting of unemployment benefits would influence the course of the dispute. The disqualification may be relaxed for a particular group of employees affected by the dispute where there is no justification for suspending their entitlement.

Benefits are suspended for any period for which an unemployed worker receives or is entitled to receive dismissal compensation or severance pay, as, for example, when his employment relationship has been terminated by annulment of his contract. Benefits, however, may not be suspended for more than 12 months.

Entitlement to unemployment benefits is suspended for such time as an unemployed worker is entitled to receive other allowances, for example, maintenance allowances for participation in training courses, sickness benefits, accident allowances under the statutory accident insurance scheme, statutory income supplements for war victims, maternity benefits, general invalidity pensions under one of the statutory pension insurance programs, old-age pensions under the wage earners' or salaried employees' pension program, miners' statutory old-age pensions, or redundancy benefits for any period before attainment of age 65.

UI claimants are required to register with an employment exchange and to furnish all the information required by the Federal Employment Institution. The Employment Institution may undertake any inquiries

necessary to determine whether the conditions for the receipt of benefits are fulfilled. It has power to examine business registers, records, and documents, but it is not permitted to question persons under oath. Decisions on entitlement to benefits are made by the director of the local employment office. Claimants are notified in writing of determinations made and of the legal remedies available to them.

In the Federal Republic social jurisdiction is separated from administrative jurisdiction. Local social courts adjudicate on statutory disputes affecting unemployment insurance; separate chambers deal with specific subjects. There are two further levels of appeal from these courts: first to the *Länder* (state) social courts and finally to the Federal Social Court, which reviews only points of law.

Cash Benefits: Amount and Duration

The UI benefit amount is earnings related but is set by earnings class schedules. There were two schedules applicable in 1975—one for married claimants and one for nonmarried claimants.[1] Nonmarried claimants with one or more dependent children were paid in accordance with the married claimants schedule. The proportion of earnings compensated by the benefit amount varied inversely with the level of the earnings class. For married claimants, the benefit amount ranged from about 66 percent of earnings at the minimum earnings level of the schedule to about 49 percent at the maximum earnings level. For nonmarried claimants without dependent children, the corresponding range was about 66 to 42 percent. In both schedules the maximum weekly benefit amounts—319.80 Deutsche marks for married and 272.40 Deutsche marks for nonmarried claimants—were payable to those with weekly earnings of 655 Deutsche marks or more. In 1974 the average wage paid to workers in manufacturing was 373 Deutsche marks per week.[2] A claimant filing for unemployment benefits in 1975 who had earned that wage would have received a weekly benefit amount of 187.80 Deutsche marks if married and 177.00 Deutsche marks if not married, about 50 and 47 percent, respectively, of the weekly wage.

Fifty percent of any income derived by a claimant from part-time employment or self-employment while he is receiving unemployment benefits is deducted from his benefit amount to the extent that the

1. In 1976 UI benefit amounts were determined in accordance with five earnings class schedules.

2. See table 7.

income exceeds 15 Deutsche marks per week after deduction of taxes, social insurance contributions, and out-of-pocket expenses in connection with his work. Family allowances, which are payable to all residents with dependent children, continue to be paid to eligible claimants without affecting their UI benefits.

Benefits are payable without a waiting period. The duration of unemployment benefits allowed is governed by the extent of the claimant's insured employment during the reference period of 3 years immediately preceding the first day of unemployment. For each week (or 6 days) of employment, 3 days of benefits are payable. The duration of benefits allowed ranges from 13 to 52 weeks. Thus where the claimant has 26 weeks of employment (the minimum required to qualify for any benefits), he is entitled to 13 weeks of benefits; with 40 weeks he is entitled to 20 weeks; and with 104 weeks, to 52 weeks, the maximum duration payable.

When less than 3 years have elapsed since the end of a prior reference period, the duration of benefits allowed for the new entitlement is at least equal to any unused portion of the previous entitlement. No unused entitlement to unemployment benefits may be claimed after a period of 3 years from the date on which the entitlement was established.

Workers Subject to Special Treatment

Special *short-time* allowances are paid under the UI scheme to employees who are working a reduced number of hours or are temporarily laid off, without being dismissed, owing to a reduction of work in the undertaking where they are engaged. Such allowances are granted, without a qualifying period of employment, in a firm where there is a shortage of work attributable to economic causes, including structural changes in the establishment, or to events beyond the control of the employer, and where the reduction in activity is unavoidable and temporary and is reported to the local employment office. The payment of the allowances is made only if at least one-third of the employees in the firm are laid off temporarily or have their working hours reduced by over 10 percent for an uninterrupted period of at least 4 weeks. Such allowances are not granted if the shortage of work is seasonal. In the case of a serious shortage of manpower, these allowances are not granted since workers who are laid off temporarily could be placed in other employment for which they are considered to be suitable. The allowances are normally payable for a period not exceeding 6 months, but their duration may be extended to 12 months by order of the Federal Minister

of Labor and Social Affairs. Beginning in 1974 the duration of short-time allowances was extended generally from 6 to 12 months, and to as long as 24 months under some circumstances. This change was made to encourage employers to keep workers on their payrolls in the face of the 1974-75 business decline.

There are also special *bad-weather* allowances to compensate workers in the building industry who lose wages in the course of the winter because they have been prevented by inclement weather from working at building sites. There is no qualifying employment requirement for these allowances.

Short-time and bad-weather allowances are payable at the same rates for lost working time. The rates are related to the previous hourly wage of the worker but set by a schedule of wage classes. The allowance rate for 1975 was approximately 68 percent of the hourly wage (net of taxes and social insurance contributions). Except for these special allowances, there appear to be no other types of circumstances or categories of workers for which any special treatment applies with respect to benefit entitlement under the unemployment insurance program.

Financing

In addition to unemployment insurance, the programs covered by the Employment Promotion Act include vocational guidance, placement, vocational training, the promotion of vocational rehabilitation of handicapped persons, the granting of benefits for the maintenance and creation of employment opportunities, and labor market and vocational research. All of these activities, as well as related administrative costs, are financed by contributions required from workers covered by unemployment insurance and from their employers.

The rate of contribution in 1975 was 1 percent of earnings for the employee and 1 percent for the employer, subject to an earnings ceiling of 2,800 Deutsche marks per month. The ceiling is adjusted annually to equal twice the national average of monthly earnings over the previous 3 years. Employees who earn less than 10 percent of the earnings ceiling are not required to contribute; their employers pay twice the applicable employer rate on their earnings.

From contribution income a reserve must be maintained to ensure that adequate funds for benefits will be available when the employment market situation is unfavorable and to provide backing for projects of

importance in the employment market and for related programs. The law specifies reserve fund requirements and the manner in which the fund is to be invested. The intent is to maintain sufficient reserves to meet excess benefit costs that may arise when the number of unemployed persons reaches 5 percent of the covered population and remains that high for 2 consecutive years.[3] Should benefit costs be so high as to deplete the reserve fund, the government will cover resulting deficits from general revenue funds.

The costs of providing unemployment assistance for indigent persons who are unemployed and seeking work and costs involved in carrying out any other duties which the federal government may by ordinance entrust to the Federal Employment Institution are defrayed by the Federal Republic out of general revenues.

Administration and Coordination With Other Programs

The Federal Employment Institution, which is generally responsible to the Federal Minister of Labor and Social Affairs, is a decentralized public corporation with a central office in Nuremberg and *Länder* and local employment offices. It may set up special offices to deal with centralized and inter-area responsibilities. Its administrative organs are a Governing Body and Executive Board of the central office, and managing committees of the *Länder* and local employment offices. Each of the various administrative bodies consists of representatives of employers, employees, and the public authorities in equal numbers and normally is so constituted as to ensure appropriate representation for the different districts, economic sectors, and occupational groups, and also for women. The employees' and employers' representatives are nominated respectively by the trade unions and employers' associations. The decisions of the Governing Body are binding on the managing committees of the *Länder* offices; in turn, decisions of the *Länder* managing committees are binding on the managing committees of the local employment offices.

The Federal Employment Institution administers the claims and benefit payment phases of the program. When the worker is covered by both UI and sickness insurance, as is usually the case, the contributions for both are collected by the sickness insurance funds. The Federal

3. International Labor Office, Meeting of Actuarial Subcommittee of Committee of Social Security Experts, Working Paper CSSE/ACT. 1, *Financial Organization of Unemployment Benefit Schemes* (Geneva, Jan. 1973), p. 24.

Employment Institution also operates employment services and provides for other manpower and employment promotion measures. Claimants drawing unemployment benefits report to local offices periodically for interviews.

There are arrangements to coordinate unemployment benefits with the benefit rights of workers under other programs. For example, a recipient of unemployment insurance benefits or assistance allowances continues to be insured against sickness while unemployed. In such cases, his sickness insurance contributions are paid by the Federal Employment Institution (as are his other social insurance contributions). If a worker who is drawing unemployment benefits becomes sick and is therefore unfit for work, the responsibility for his support is transferred to the sickness insurance program. Workers who are compulsorily insured under the statutory sickness insurance program also continue to be insured under that program while they are entitled to short-time or bad-weather allowances. A worker who is in receipt of short-time allowances is deemed to maintain his compulsory insurable employment relationship for pension purposes, and his employer pays part of his contribution.

Workers over age 60 who have been unemployed for a year or more may apply for the retirement pension which is normally payable only from age 65. There are special compensatory benefits under the pension insurance scheme for miners aged 55 years or more who, after 25 or more years of service, including service underground, have become redundant as a result of the rationalization or reorganization of the mines.

Entitlement to unemployment insurance benefits is suspended if the claimant is entitled to a maintenance allowance while in training; or to sickness, accidental employment injury, maternity, invalidity, or old-age benefits; or to compensatory benefits under the miners' pension insurance scheme. Family allowances, payable to all residents with dependent children, continue to be paid to families of workers who are unemployed and drawing benefits.

Promoting Reemployment

The Federal Employment Institution is charged with organizing placement services to ensure that jobseekers obtain employment and that employers obtain the necessary labor. The Institution is also responsible for activities related to occupational guidance, training, and opportunities for advancement, as well as for the administration of the

unemployment insurance and assistance programs. The Institution thus plays an active role in the labor market. It endeavors to improve the level of vocational skill, even where there is no immediate threat of unemployment, by promoting and financing training programs and by developing modern vocational training facilities. Considerable emphasis is thus placed on training as a practical remedy for unemployment. The Institution may grant benefits covering resettlement costs for jobseekers if they are difficult to place under normal conditions of the labor market. Such benefits may cover the costs of travel and relocation, working tools and equipment, and part of the extra expenses of maintaining two households if the employment requires the worker to do so. The Institution arranges collective journeys for unemployed persons in search of employment in a place other than that in which they live. Also provided are maintenance allowances for workers participating on a full-time basis in programs for advanced vocational training or retraining.

The Federal Employment Institution provides various vocational training incentives for individuals who cannot themselves raise the necessary money for further training. Included in this program are measures to enable women to pursue further training with a view to entry or reentry into the labor market. It also provides vocational guidance to young people in order to smooth the transition from school to apprenticeship or to a job. An extensive program of individual counseling, guidance, and training reaches a very high proportion of students.

The Institution is also specifically charged with promoting the industrial and vocational rehabilitation of handicapped persons. It may grant loans and subsidies to employers to encourage them to provide work for handicapped jobseekers who are difficult to place under normal conditions of the labor market. Under a quota system, a specified proportion of the workers employed in an establishment must be handicapped workers (6 percent if there are more than 16 workers); if the employer fails to meet the quota, he must pay a penalty for each job not filled according to this requirement. Special services are provided for physically, mentally, or psychologically handicapped persons; for participants in full-day training programs; for aging employees; and for women who are difficult to place because they are or have been bound to domestic obligations.

The Federal Employment Institution may equip and maintain training workshops and provide financial assistance to employers so that they may enlarge, modernize, or reorganize undertakings in regions recognized as areas in need of economic development.

Japan

Following the end of the Second World War, unemployment was a very serious problem in Japan. As a temporary relief measure, an unemployment allowance law was enacted at that time. It was soon replaced by the Unemployment Insurance Law of 1947, which set up the country's first compulsory unemployment insurance program. That program functioned without fundamental change for the next 27 years. Legislation enacted in December 1974 replaced the *unemployment* insurance scheme by an *employment* insurance program, which provides income security for unemployed persons and contributes towards the implementation of national manpower policy. (Throughout this summary the term *unemployment insurance* is used in describing this program.) The new law aims to promote the reemployment of unemployed workers, to improve the labor market structure with a view to stabilizing the occupational life of workers, and to provide the financial guarantee of a decent standard of living for those workers who may be unemployed.

The concept of *lifetime employment* generally obtains in Japan. It is based on a tacit understanding between labor and management that once an employee joins a company he will remain with that company until he reaches the age of retirement. Should an employer have no work for an employee, he may require the employee to take a temporary, involuntary vacation. When work is temporarily suspended under circumstances for which the employer is responsible, he is required by law to pay his employees at least 60 percent of their lost wages during the period of suspension. A special recently established program provides for more generous compensation by the employer, with partial financing by the government, for temporary work suspension under certain conditions.

There is no special unemployment assistance scheme providing cash benefits for unemployed workers who receive no UI benefits and who are in need. General public assistance is available, however, subject to a means test.

Type of System, Scope, and Coverage

The contingency covered by the unemployment insurance scheme is the involuntary unemployment of an insured worker who meets all eligibility requirements. Unemployment insurance compensates for loss of earnings caused by a permanent dismissal but not for any loss resulting from a

temporary suspension of work. The scheme covers employees in any establishment employing one or more workers, with the following exclusions: (1) workers employed by a seasonal establishment that operates during a period of less than 4 months in a year, (2) seamen and casual dockworkers who are covered by separate schemes, (3) prescribed categories of public employees whose total separation allowances are deemed to exceed the level of benefits provided under the unemployment insurance scheme, and (4) workers who are normally employed on a part-time basis. Day laborers are compulsorily covered in some districts and may be voluntarily or individually covered in others. Coverage is compulsory for workers in agriculture, forestry, and fisheries except for those employed by unincorporated firms or by employers who regularly employ fewer than five workers; for these excepted workers, coverage is tentatively optional.

Eligibility

To qualify for benefits, a claimant is required to have had insured employment for at least 6 months during a reference period of 12 months immediately preceding the claim. In this context a month of employment means a month in which the worker was paid for at least 14 days. If a claimant has had 30 or more days without wages as a result of sickness or injury, or for any other reason that may be prescribed by ministerial ordinance, the reference period may be extended for a corresponding number of days, not exceeding 4 years. The reference period may be similarly extended for time spent by a woman in taking care of young children.

To be eligible for benefits, the claimant must also be able and willing to work, and he must have registered for employment at a public employment security office. If he left his employment voluntarily without good cause or was discharged owing to grave misconduct or other reasons involving his responsibility, his benefits are suspended 1-2 months after a waiting period of 7 days. If he uses fraudulent or unfair practices to obtain benefits, the benefits are withheld indefinitely. If the claimant, without justifiable reason, refuses suitable employment or public vocational training or guidance which he is offered, or to which he is directed by the public employment security office, his benefits are suspended for a month. Employment is considered suitable if the job offered, or the job for which vocational training is recommended, is compatible with the claimant's physical strength, skills, knowledge, and past experience. It is not considered suitable if it entails a change of

residence involving difficulties, if the wages offered are unreasonably lower than the prevailing rate for similar work in the locality, or if there is a strike or lockout in the workplace.

In Japan an insured worker must be heard before a decision is taken to refuse him benefits. If any claimant has a complaint concerning his insurance benefits or the application of the qualifying or eligibility conditions, he may appeal to the unemployment insurance referee. An appeal from the referee's decision lies with the labor insurance appeal committee, a tripartite body composed of government, employer, and employee representatives in equal numbers, appointed by the Minister of Labor. In the final instance the appellant may file a suit with a judicial court.

Cash Benefits: Amount and Duration

The UI benefit amount is wage related; it is set as a proportion of the claimant's daily wage. The basis for determining the amount payable provides for a schedule of wage classes between 1,800 and 7,500 yen per day. In 1975, for claimants in the highest wage class (3,000 to 7,500 yen a day), the benefit amount was 60 percent of the daily wage. The proportion rose gradually through successively lower wage classes to a maximum of 80 percent for claimants in the lowest wage class. The minimum daily benefit amount in 1975 was 1,440 yen; the maximum, 4,500 yen. The average weekly wage paid in manufacturing in 1974 amounted to 33,825 yen. A claimant who had earned that wage would receive a benefit amount equal to 60 percent of his wage.[1] There are no UI supplements for dependents. Family allowances payable to the UI claimant when he worked continue to be paid to him.[2]

If a claimant earns some income from a temporary or part-time job while drawing benefits, his benefit amount is reduced in accordance with prescribed rules. Thus, if his daily earnings, minus a prescribed amount, plus the full daily benefit rate payable (e.g., 60 percent of the former daily wage), exceed 80 percent of the former daily wage, the benefit is reduced by the amount of the excess.

The waiting period before benefits become payable is 7 days after the claimant first reports to the public employment security office; it need be

1. See table 7.

2. Family allowances are payable only to residents who have three or more dependent children.

served only once in a year. The maximum standard duration of benefits a claimant may draw during a year is based partly on how long he had been employed in insured work during the year prior to his claim and partly on his age. The claimant with less than 1 year of insured employment may receive up to 90 days of benefits. Claimants who are less than 30 years old also may draw no more than 90 days of benefits regardless of how long they had been employed. Older claimants may draw benefits longer provided they had a full year of insured employment. Claimants with that much employment who are 30-44 years old may draw up to 180 days of benefits; those 45-54 years old, up to 240 days; and those 55 or older, up to 300 days.

Under certain circumstances, the maximum duration of benefits allowed may exceed these standard limits. Those claimants under 55 years of age who have special difficulty in finding employment, such as handicapped workers, and who have been insured for 1 year or more, may draw benefits for up to an additional 60 days. If the claimant is participating in a public vocational training course or if he must change his place of residence to obtain work, he may be allowed additional days of benefits beyond the standard limit applicable to him. When the nationwide rate of unemployment exceeds a prescribed level, the Labor Minister may extend the duration of benefits payable up to 90 more days if he considers that such a measure is necessary.

Workers Subject to Special Treatment

Special provisions apply to day laborers who are covered under the unemployment insurance scheme. This category includes workers employed by the day and also those employed for a period of less than 30 days. UI benefits payable to day laborers vary in amount by wage-class levels, but the amount is flat within each class. The maximum number of days for which benefits are payable varies with the length of the period of contributions.

Special provisions also apply to seasonal workers and other workers hired for a period of less than 1 year. If such a worker becomes unemployed and has been insured for at least 6 months, with wages for at least 11 days in each month, he is entitled to a lump-sum payment equal to UI benefits for 50 days. However, if he is taking a training course, he is entitled to the standard number of days of benefits instead of the lump sum.

There is a special unemployment insurance scheme for seamen, which operates under much the same conditions that apply under the general

scheme for other workers. It is administered by the government, mainly through the Minister of Welfare and the prefectural governors. Claims are determined by the public employment security offices, and benefits are paid through the maritime offices. In the event of unemployment, casual dockworkers, while not protected under the general unemployment insurance system, may, if registered, qualify for employment adjustment allowances under the Port Law of 1965. The allowances are financed by contributions made by the dockworkers and their employers, and by a subsidy from the National Treasury.

Financing

The unemployment insurance program is financed on a tripartite basis by covered workers, their employers, and the government. Out of general revenues, the National Treasury pays for one-fourth of the expenditure for benefit payments under the general scheme, as well as for all administrative costs within the limit of a budgetary appropriation. Normally, employer and employee contributions are expected to cover three-fourths of all benefit costs. If the total contribution income in a given year of high benefit outlays is less than three-fourths of the benefit costs, the National Treasury pays up to one-third of the total benefit costs for that year.

Employer and employee contribution rates apply to total monthly wages paid to the insured worker; there is no ceiling on earnings subject to these rates. In 1975 the employer contributed 0.8 percent and the worker 0.5 percent of the total wages paid; in seasonal industries the rates were 0.9 and 0.6 percent, respectively. Prescribed categories of older workers are excused from the payment of contributions, as are their employers.

Japan fixes the contribution rates so as to maintain equilibrium between UI program income and benefit outgo and to allow for surpluses necessary to maintain a reserve fund at an appropriate level to meet fluctuations in benefit costs produced by economic changes. The reserve maintained is not to be less than the amount of contribution income for 1 year and not greater than the contribution income for 2 years. Should these limits be exceeded, the Minister of Labor may alter the combined rate of employer and employee contributions, provided he keeps the combined rate within the range of 1.1 to 1.5 percent.

The National Treasury pays one-third of the cost of benefits paid to day laborers; the remainder is met by contributions collected from such workers and their employers.

Administration and Coordination With Other Programs

The unemployment insurance program is under the general supervision of the Minister of Labor, who is advised by the Central Employment Security Council, in which representatives of workers, employers, and the public authorities participate. At the central level the program is administered by the Labor Ministry's Employment Security Bureau which is also responsible for employment services. The Bureau's functions, which include the administration of UI claims, benefit payments, and contributions, are carried out by the unemployment insurance section of the labor division of each prefecture and the public employment security offices situated in the main cities throughout the country. An unemployed worker filing for benefits must register for work at an employment security office and report every 4 weeks while drawing benefits.

There are special provisions to facilitate the efficient day-to-day administration of unemployment insurance for the smaller firms. Subject to approval by the government, groups of such firms may form associations which are entrusted to handle unemployment insurance matters.

Attention is given to proper coordination between unemployment insurance and other benefit programs. In 1972, for example, a new law ensured the effective coordination of *labor insurance,* i.e., unemployment insurance and employment-injury insurance schemes. The law established rules concerning the application of labor insurance regulations and the procedures for the collection of contributions under the two schemes. If a UI beneficiary is temporarily incapacitated for work for more than 14 days owing to sickness or injury, he becomes entitled to sickness or injury allowances instead of unemployment benefits. The allowances are granted only for the remainder of the duration of his entitlement to unemployment benefits. UI benefits are payable to a claimant who also receives partial invalidity benefits, but the combined payments may not exceed a prescribed maximum. Family allowances and UI benefits are paid concurrently with no restriction on the combined amount.

Promoting Reemployment

The Employment Security Bureau operates an employment service. The service directs unemployed workers to public vocational training centers; those who participate are entitled to special attendance

allowances in addition to their unemployment insurance benefits and, where circumstances so justify, to travel allowances and allowances for board. If an unemployment insurance beneficiary moves his residence to another district to take up employment to which he has been referred by the public employment security office, the expenses of his move and that of his dependents are paid.

The employment service works actively, in cooperation with the schools, to assure that young persons have adequate vocational guidance and proper placement in appropriate areas of industry. To encourage the employment of older workers, the employer's insurance contribution is waived for prescribed categories of such workers.

A system of vocational reconversion is provided under the Employment Measures Law of 1966, which is designed to facilitate jobseeking, the acquisition of skills, and the inter-regional mobility of workers, notably for middle-aged and older unemployed workers, handicapped persons, and others who are difficult to place. Under this system, employment guidance allowances are payable by the government to such job applicants who are not, or are no longer, eligible for unemployment insurance benefits. They are also payable to workers who, as a result of structural changes in agriculture, leave farms to enter industry. These allowances include training allowances, necessary expenses of jobseeking, and benefits to defray moving costs, as well as a grant for the purchase of work clothes. Grants are paid to employers to encourage them to hire, train, and assist difficult-to-place job applicants, including the handicapped, and to cover expenses incurred in obtaining accommodations for such workers. These allowances and grants are financed jointly by the central government and the local prefectures out of general public funds; the UI fund shares in the financing of training allowances paid under this program. Under separate legislation, displaced coal miners and textile workers are eligible for similar vocational reconversion benefits. They may also be assisted in starting their own business.

To improve the structure of the labor market, Japan has introduced a number of financial aids and technical services for employers. The objective is to encourage and help them to achieve a more reasonable age distribution of their workers, to employ workers from declining industries, to transfer workers to areas with increasing employment opportunities, and to increase the year-round employment of seasonal workers. Such assistance is also given to those employers who are

compelled for economic reasons to retrench their activities. Furthermore, to prevent the permanent dismissal of workers as a result of business decline, an employment adjustment grant is paid to an employer who carries on a business designated by the Minister of Labor as depressed, provided the employer has temporarily laid off workers on a scale beyond that prescribed for a period designated by the Minister of Labor and has paid his idle workers special off-duty allowances. The grant to the employer is equal to one-half (two-thirds in the case of medium and small enterprises) of the off-duty allowances paid.

The Netherlands

Towards the end of the 19th century various trade unions in the Netherlands established funds from which benefits were paid to members who became unemployed. To encourage this practice the government in 1916 began to reimburse the funds for part of the cost of the unemployment benefits they provided. In 1919 a new system was introduced under which individual employers with five or more employees and at least 15 percent of their work force unemployed paid *waiting allowances* to their unemployed workers, against which they received a subsidy from the national government. Attempts were made in later years to transform these arrangements into a general compulsory contributory unemployment insurance system, but it was not until 1949 that the necessary legislation was enacted. The 1949 law did not come into effect until 1952. It has since been amended on various occasions.

The Unemployment Relief Act of 1964 provided for unemployment assistance financed from the general revenues of the government. This program makes cash assistance available for needy unemployed workers who have exhausted their UI benefits or who are not insured or eligible for unemployment insurance.

Type of System, Scope, and Coverage

Cash insurance benefits are provided in cases of involuntary unemployment under two types of programs. As provided by law, *waiting allowances* are available through contributory programs operated by industrial associations. These associations have been set up for the 26 sectors of the economy into which the industries of the country have been divided; they administer various branches of social insurance, in addition to the waiting allowance programs. The latter provide compensation for lost earnings to workers during an initial period of unemployment, when they are considered still to belong to the manpower reserve in the sector or branch of economic activity concerned. *General unemployment insurance benefits* are provided by a compulsory contributory program, financed by the employers, employees, and the government, and administered by the General Unemployment Insurance Fund. Under this program, benefits are payable to eligible unemployed workers after the termination of waiting allowances or, in a few instances, from the onset of unemployment.

These programs provide support during involuntary unemployment, a term not defined in the legislation but the interpretation of which is based on practice and jurisprudence with respect to the application of prescribed eligibility conditions. Benefits are payable for days of total or partial unemployment. The eligibility conditions and claims procedures are identical for workers who are without any employment and for those who are reduced to work on only a part-time basis.

Employees, meaning workers who are party to an employment relationship as recognized in private or public law, and specified categories of workers treated as employees, e.g., commission agents and share fishermen, are protected by the waiting allowance and general unemployment insurance systems. Excluded from coverage are workers who have attained the age of 65; domestic household workers, unless they normally work for the same individual employer for at least three days a week; and persons engaged in temporary work which is less than full time. Homeworkers and persons treated as employees although not working under a normal contract of employment are covered unless their weekly earnings are below a prescribed amount. Public employees are not covered under these programs but they have equivalent protection against unemployment through a separate scheme.

Eligibility

To qualify for waiting allowances, the claimant must have had at least 130 days of work in the same branch of industry within the 12 months immediately preceding his unemployment. To qualify for benefits under the general unemployment insurance scheme, the claimant is required to have worked, irrespective of the industrial sector to which he belongs, on every working day in the 6 weeks immediately preceding his unemployment, or for at least 65 days in the 12 months immediately preceding his unemployment.

Apart from these requirements, the same eligibility conditions generally apply to both the waiting allowances and the general unemployment insurance program. To be eligible for benefits the claimant must be fit and available for work and prepared to accept suitable employment whether or not it is in the industrial sector to which he belonged. He must register at and report to a labor exchange as required.

Waiting allowances or general UI benefits are withheld if the claimant, without sufficient reason, fails to cooperate in a prescribed medical or

psychological examination to test his working capacity, fails to participate in prescribed training or instruction, or fails to make sufficient effort to find work. Benefits are also withheld if the claimant, through his own fault or behavior, fails to obtain or retain a job. Benefits are not payable if the unemployed worker left his job without reasonable cause or was dismissed for misconduct. Refusal to accept suitable employment also constitutes grounds for withholding benefits. Employment is considered suitable if it corresponds to the unemployed worker's occupational skills, experience, and social status, and provides the wages that he previously earned. A job is not considered suitable if it is vacant because of a labor dispute or is unreasonably distant from the claimant's home. No benefits are paid if the claimant is unemployed as a result of a strike or lockout, unless a committee of the industrial association concerned decides otherwise and the board of the General Unemployment Fund approves the decision.

In cases of the withholding of waiting allowances or UI benefits for reasons referred to above, a committee of the industrial association concerned may either immediately or at a later date limit the worker's suspension to a specific period, which it may modify at any time. Benefits are also suspended if the claimant concerned is entitled to a dismissal or severance allowance or to a sickness or invalidity benefit. They are suspended if he is on leave or vacation, living abroad, on military service, or legally deprived of his liberty, e.g., in prison.

Claims for waiting allowances and unemployment insurance benefits are submitted to the appropriate industrial association, i.e., the one with which the claimant's last employer was affiliated. Usually the claimant applies in person to the local representative of the association, and he must also register at a public labor exchange or placement office. The placement offices work in close collaboration with the industrial associations.

A separate law regulates the procedure for appeals on social security matters, including unemployment insurance. Appeals may be taken in the first instance to one of a number of appeal boards. Each appeal board comprises an independent chairman, who is an expert in the subject at issue and is frequently a lawyer, and two other members—one representing employers' and the other, employees' organizations. Further appeal lies with a Central Board of Appeal. In certain cases an appeal of a judgment by the Central Board may be taken to the Supreme Court of the Netherlands. Appeals proceedings are public. An appellant

has the right to legal representation and access to official papers relevant to the case.

Cash Benefits: Amount and Duration

The daily waiting allowances and unemployment benefits are paid at the rate of 80 percent of the previous average daily wage of the claimant, up to a prescribed maximum.[1] The average daily wage is computed from the claimant's earnings during the 3 months preceding his unemployment, but this period may be extended under specified circumstances. During the second half of 1975 the maximum daily wage reckoned for benefit purposes was 172.91 guilders. The daily benefit maximum therefore was 138.33 guilders, 80 percent of the maximum of daily earnings taken into account. This compares with the average wage earned in manufacturing in the Netherlands in 1974, estimated at about 72 guilders a day.[2] The maximum wage reckoned is adjusted periodically in accordance with changes in the level of the wage index. No dependents' supplements are provided, but claimants continue to receive their regular family allowances independently of their insurance benefits. When a worker is partially unemployed, a considerable portion of his earnings is deducted from the full benefit amount he would receive if he were totally unemployed. Waiting allowances and UI benefits received are subject to the income tax.

At the beginning of a spell of unemployment the industrial association concerned may and usually does prescribe a waiting period to be served before waiting allowances are paid. The length of the waiting period varies by association. There is no waiting period for unemployment insurance benefits under the general scheme, but these are not paid until after any waiting allowances that are payable have been drawn.

The maximum duration of unemployment benefits payable is uniform for all eligible claimants. Under the general UI scheme claimants may draw up to 130 days (26 weeks) of benefits in a 12-month period beginning on the first day of unemployment for which a benefit is awarded. If an unemployed worker is considered to belong to the manpower reserve of his industrial association, he will first draw the waiting allowances provided by the association's fund, normally up to 40 days (8 weeks). The maximum duration of benefits payable under the

1. The amount payable under the unemployment assistance program, which is based on need, may not exceed 75 percent of the former wage.

2. See table 7—estimated weekly wage adjusted to a daily basis.

general UI scheme is reduced by the number of days for which waiting allowances are drawn. An unemployed worker who is not entitled to waiting allowances may draw benefits immediately under the general scheme, assuming of course that he fulfills all eligibility requirements.[3]

Workers Subject to Special Treatment

For certain categories of seasonal workers who are employed exclusively, or almost exclusively, in annually recurring periods, the amount of employment normally required to qualify for UI benefits may be increased by at least 30 but not more than 130 days.

There appear to be no special provisions affecting benefit rights on the basis of sex or age, except that UI protection ends when workers reach the age of 65.

In 1975, as a means of preventing total layoffs of many workers during the economic recession of that year, a special scheme was initiated whereby the earnings lost by workers placed on reduced work schedules, as approved by the government, were fully compensated. The industry association's funds financed 80 percent and the employers 20 percent of the costs involved. When work-schedule reductions were prolonged, the government also helped to finance the costs.[4]

Financing

Benefit and administrative costs are financed by contributions to the program funds. Employees and employers contribute equally to the waiting allowance fund of their industrial association at a rate which is fixed by the management of the association as a percentage of wages, subject to a prescribed maximum. The government does not normally contribute to the waiting allowance funds. The funds are kept separately by each association. The rate of contribution that is set for each fund depends on the extent of unemployment in the industrial sector concerned and must be approved by the Board of the General Unemployment Fund. The Board may under prescribed circumstances make a contribution from the General Unemployment Fund to any waiting allowance fund that is likely to have unusual liabilities in the

3. Unemployment assistance benefits are payable for up to 2 years from the date when the unemployment insurance benefits ceased.

4. National Commission on Manpower Policy, Special Report No. 3, *Recent European Manpower Policy Initiatives* (Washington, D.C., Nov. 1975), p. 10.

financial year concerned. In 1972 the combined employee and employer contributions to the waiting allowance funds averaged about 0.5 percent of the earnings subject to the contribution rates. In 1975, combined contributions averaged about 0.8 percent of earnings.

Benefits paid under the general unemployment insurance program are financed jointly by employees, employers, and the central government at rates fixed by the Ministry for Social Affairs. In 1975, the employee and employer rates were each 0.25 percent of the earnings or payroll, respectively, on which the contributions were based. The government rate was 0.5 percent of the total earnings subject to contributions. As of mid-1975, the ceiling on the earnings reckoned for contributions purposes for both waiting allowances and general UI benefits was fixed at 172.91 guilders per day.

Under both schemes the contribution rates have varied somewhat over the years. They are influenced by past experience and the need to maintain reserve funds as prescribed. The technical criteria for setting contribution rates and maintaining reserve funds are common to the two unemployment insurance programs. They are based on the assumptions that the economic cycle is of 10 years' duration, that it is undesirable to levy high contributions when the economy is in an unfavorable condition, and that reserve funds should be capable of meeting liabilities during 2 successive years of maximum unemployment. Beyond the accumulation of basic reserve funds equal to 2 years of maximum projected benefit costs, other types of reserves are maintained to handle current surpluses and deficits and to hold the extra proceeds of contribution rates set deliberately high in periods of economic prosperity. These are intended to cover any shortfall in the basic reserves and to make it possible to keep contributions low in periods of recession.[5] The system adopted by the Netherlands has resulted in high reserves and a high investment income, especially after many years of very low unemployment

Administration and Coordination With Other Programs

The Minister of Social Affairs is responsible for the general supervision of the administration of unemployment benefits in the

5. International Labor Office, Meeting of Actuarial Subcommittee of Committee of Social Security Experts, Working Paper CSSE/ACT. 1, *Financial Organization of Unemployment Benefit Schemes* (Geneva, Jan. 1973), pp. 24-25.

Netherlands.[6] A General Unemployment Fund, directed by a tripartite board composed of equal numbers of employer, trade union, and government representatives, supervises the administration of the waiting allowances and directly administers the unemployment insurance benefits provided under the general scheme.

The waiting allowance programs are administered by industrial associations which have nationwide membership and in which both the employers and employees are represented. They are supervised by a tripartite Social Insurance Council, which consists of a chairman appointed by the Crown and 18 members, 6 of whom are appointed by the Minister of Social Affairs and 6 each by the central employers' and central employees' organizations. All industries throughout the country have been classified into 26 branches, and one association has been recognized for each branch. Every employer classified in a particular branch is obliged to join its association. If an industrial association does not wish to administer its waiting allowance program, it can place the task in the hands of a Joint Administration Office. The latter has been set up by the central employers' and employees' organizations and recognized by the Minister of Social Affairs. Over half of the associations have their programs administered by the Joint Office.

The Joint Administration Office and most of the industrial associations have decentralized administrative offices at regional and local levels throughout the country. Claims for benefits are submitted through the associations. Claimants must report regularly and are subject to the control of the association concerned. The payment of benefits is most frequently made by postal order, but the association may pay benefits directly in cash. Contributions for both the waiting allowance funds and the General Unemployment Fund, along with certain other insurance contributions, are collected by the industrial associations.

Problems of coordinating unemployment benefits with other public benefits generally are minimized because most of the other cash benefit programs are also administered by the industrial associations. These include invalidity pensions; sickness, maternity, and work injury benefits; and family allowances. Improper concurrent payments are thereby more easily avoided. Old-age pensions become payable at age 65 when unemployment benefit protection terminates so that concurrent

6. The Minister of Social Affairs also supervises the administration of unemployment assistance by municipal authorities.

payments are not possible. Sickness and work injury benefits are paid at the same rate as unemployment benefits, thereby removing any incentive to remain on one benefit rather than the other regardless of eligibility; the maximum duration of UI benefits payable, however, is only half that of the other benefits. A UI recipient who becomes sick or disabled will continue to draw UI benefits until his claim for sickness or disability benefits is accepted. While in receipt of unemployment benefits the beneficiary retains his sickness and invalidity insurance protection; conversely, unemployment insurance protection is retained while the worker concerned is in receipt of sickness or invalidity benefits. Contributions for insurance against other contingencies besides unemployment which normally are deducted from earnings are deducted from the unemployment benefits and placed in the appropriate insurance funds to the credit of the unemployed worker.

Promoting Reemployment

The General Directorate of Manpower, which is a branch of the Ministry of Social Affairs, provides placement services for persons seeking jobs, as well as other manpower and employment services. It maintains offices at regional and local levels and operates these services independently of the unemployment insurance program. Frequently, however, for convenience its local manpower center is housed in the same building as the UI office for the branch of industry concerned. Employment service costs are financed from general revenues.

In order to encourage labor mobility, the Manpower Directorate has set up two compensation schemes covering relocation and retraining. One special scheme of assistance supports the geographic mobility of workers who are forced to move to take up new employment, reimbursing their outlays on travel and other costs connected with the move. Under the other scheme, employers are compensated by the Directorate for the expenses they incur in providing vocational retraining for their workers. This scheme requires employers to pay the full wages of workers who take an industrial training course. A special provision of the general unemployment insurance program encourages workers to accept employment that is less well paid than their previous work in order to avoid becoming unemployed or to end their current unemployment. Under this provision supplements are paid to these workers for 6 months (longer for workers over age 45) to compensate for part or all of the

difference between their current and former wage levels.[7] Such workers are also guaranteed that, in the event they become unemployed during the following 2-1/2 years for reasons beyond their control, their unemployment benefits will be calculated on the basis of the higher wage that they had previously earned.

The manpower centers give particular attention to registered unemployed workers who cannot be placed within a short period or who become unemployed more frequently than normal in their respective occupations. Those who cannot find employment in the open market may be offered retraining or, if this is not likely to be constructive, they may be proposed for sheltered employment. An interprovincial placement system seeks productive employment in special workshops for older workers and handicapped persons. The Netherlands has had extensive experience in the vocational rehabilitation of the handicapped. For many years, for example, there has been a special program for the rehabilitation of handicapped miners in the province of Limbourg. Under a special scheme the government subsidizes the costs incurred by certain undertakings and workshops in the vocational training and retraining of handicapped workers whom they employ. The costs of these activities are financed out of the general revenues of the government.

Since 1973 there has been a special scheme that provides for temporary public or quasi-public employment for hard-to-place workers. Eligible for such jobs are unemployed workers over age 45, and those under 45 if they have been unemployed at least 6 months. Employment may last up to 1 year for the older group and up to 6 months for the younger group.[8]

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7. International Labor Office, *Social Security for the Unemployed* (Geneva, 1976), p. 25.

8. National Commission on Manpower Policy, *Recent European Manpower Policy Initiatives*, p. 18.

Norway

Voluntary unemployment insurance funds were established by trade unions in Norway towards the end of the 19th century. National government subsidies were introduced in 1906 for approved funds that came under government supervision. During the depression following World War I, the voluntary funds, whose membership had declined to about one-third of their previous strength, encountered financial difficulties. In 1938, after many years of debate, Norway adopted a compulsory unemployment insurance program. Subsidies to the voluntary programs were abolished in 1946.

The current unemployment insurance program is based on legislation enacted in 1966 and subsequently amended in 1970 and 1973. In 1970 Norway established a comprehensive national insurance system into which was incorporated the unemployment insurance program along with other branches of social security. There is no special unemployment assistance program in Norway.

Type of System, Scope, and Coverage

The UI program provides cash benefits to an insured worker who is unemployed through no fault of his own and who is seeking employment. Benefits are paid in the case of a permanent layoff or temporary job suspension or when earnings are lost because of a reduction in the normal work schedule. The program makes available allowances payable during periods of training for suitable work and in support of occupational or other rehabilitation, as well as allowances towards expenses for travel and relocation to a new place of employment. It also provides wage grants to unemployed workers who are placed in communal or county work projects. These benefits, allowances, and wage grants are all financed out of insurance funds.

All employees under the age of 67 are covered by the unemployment insurance program. Apart from those age 67 or over, there are no other workers excluded from UI protection except persons with insignificant earnings, i.e., less than a specified amount.

Eligibility

Covered workers who become unemployed and file claims for UI benefits may qualify simply on the basis of their total annual earnings, regardless of how much employment those earnings represented.

Workers who had less than a specified amount of earned income during the previous calendar year, or whose average annual earned income of the last 3 calendar years was less than the specified minimum, do not qualify for UI benefits. The minimum is adjusted periodically for changes in general wage levels. In 1975 the minimum annual earnings required was 6,000 kroner. At the 1974 average weekly wage paid for manufacturing work,[1] the 1975 minimum was equivalent to about 8 weeks of work; at lower wage levels, correspondingly more weeks of work would be required to satisfy the minimum.[2]

To be eligible for benefits, an insured worker also must be unemployed through no fault of his own, capable of work, and available for work. He must register as a genuine applicant for employment with the public employment service, in accordance with regulations established by the Minister of Labor and Municipal Affairs, and report regularly to the local labor exchange office. Benefits are suspended for a period of at least 4 weeks if the claimant

a. becomes unemployed because he has left his employment or stopped work voluntarily without good cause, or is discharged for misconduct;

b. fails to undertake suitable work that is available in the service of another person or in self-employment;

c. refuses to accept employment offered to him that the competent authority considers suitable and that provides wages which conform with the prescribed scale or local custom; or

d. refuses without good cause to participate in vocational training, retraining, or occupational rehabilitation for which allowances are payable.

A claimant does not forfeit his right to benefits by refusing to accept employment that becomes vacant owing to an industrial dispute which has been approved by the central organization for workers affected by the dispute and which has not been declared illegal by a court of law. He is not denied benefits if he refuses to accept a job that is unreasonably distant from his home.

Entitlement to cash benefits lapses if the insured worker participates directly in a strike, or if he is involved, although not taking part, in a

1. This average weekly wage was 735 kroner (see table 7).

2. In late 1975, the minimum annual earned income requirement was raised to 8,250 kroner.

lockout or other industrial dispute and there is reason to suppose that his wages or other conditions of employment will be affected by the outcome of the dispute. A claimant may be deprived of his unemployment benefits if he willfully furnishes incorrect information concerning the circumstances affecting his entitlement. Benefits are also withheld when the insured worker is performing compulsory military service, is an inmate of a public institution, is living abroad, is a non-national working in a Norwegian border district but is not a resident of Norway, or is in receipt of holiday allowances or any wages even though he is not working.

In each of the labor exchange districts into which the country is divided, there is a local labor committee and a development board which decide the validity of most claims, referring remaining claims to the manager of the local labor exchange office for decision. The claimant may appeal the determination to authorities superior to those making the original decision. The first level of appeal lies with the county labor committee and development board on which workers and employers are represented equally. The appellant is not entitled to legal assistance or representation during appeal proceedings. There is provision for further appeal to the Social Insurance Court.

Cash Benefits: Amount and Duration

The UI benefit amount is earnings related for the most part, but it does contain a small flat amount as well. The daily benefit amount payable in 1975 was the sum of 4 kroner a day plus 0.1 percent of the claimant's annual earnings or of a portion of those earnings.[3] The claimant's annual earnings represent the wages earned in his last job, converted to an annual basis, unless his wages in that job differed substantially from his normal wages; in that case the amount may be determined on the basis of his total wages over the last 12 months. For the purpose of calculating the daily benefit amount, the 0.1 percent rate applies to the claimant's annual earnings up to 8 times a specified monthly *base amount* and to 1/3 of any additional annual earnings which do not exceed 4 times the base amount. The base amount is specified in the law as a limit on the amount of monthly earnings subject to the insurance contribution rate. The base amount is adjusted periodically for changes in the average annual earnings of all workers. The 1974 base amount which was used for computing the benefit amount in 1975 was 9,750 kroner a month.

3. In late 1975 the daily benefit amount payable was changed to the sum of 15 kroner plus 0.11 percent of the claimant's annual earned income.

This figure compares with the average wage earned in manufacturing work in 1974 of 3,183 kroner per month.[4] The maximum daily benefit amount payable in 1975 was 95 kroner.

There are supplements of 4 kroner a day for each dependent (including a spouse and each child under 18).[5] An unmarried claimant with dependent children living in the household may receive an additional 4 kroner a day for domestic help. The daily benefit, including dependents' supplements, may not exceed 90 percent of the beneficiary's average daily net earnings, i.e., after deduction of direct taxes and insurance contributions. Family allowances are also provided in Norway, and these continue to be paid during unemployment in addition to and independently of UI benefits. All cash benefits received are subject to the income tax.

UI benefits do not become payable until the claimant has been unemployed for at least 3 of the preceding 10 calendar days. This waiting period must be served before benefits are payable in each spell of unemployment. All eligible claimants under age 50 are entitled to draw benefits for up to 21 weeks in a calendar year. Claimants between the ages of 50 and 65 may draw for up to 30 weeks; those between the ages of 65 and 67, for the whole year.[6] UI benefits cease when the claimant attains age 67 and is entitled to an old-age pension.

Workers Subject to Special Treatment

The Crown may prescribe detailed rules governing unemployment insurance benefits for certain categories of insured workers. These include rules concerning the extent to which (a) earned income from self-employment and employment in whaling, sealing, and fishing shall give entitlement to unemployment benefits, (b) wages earned in work for a Norwegian employer in Norwegian territories or possessions outside continental Norway shall be counted toward fulfilling the qualifying requirement, and (c) a surviving spouse may be credited with earnings in covered employment of the deceased spouse. The Crown may also prescribe a longer waiting period for unemployment benefits for seasonal workers than is required for other unemployed workers.

For some categories of unemployed workers, the Ministry of Labor and Municipal Affairs may prescribe that a daily cash benefit amount be

4. See table 7—average weekly wage converted to a monthly basis.

5. Dependents' supplements increased to 6 kroner per day per dependent in late 1975.

6. In late 1975, the duration limit was raised to 40 weeks for all claimants up to age 64.

calculated on the basis of earnings classes established for the purpose rather than on the basis of the method previously described. The law provides that the Crown shall establish detailed rules governing the payment of benefits to workers partially unemployed because of reduced work schedules.

An unemployed worker who undertakes occupational rehabilitation that qualifies for training allowances under the program may receive such allowances for longer than the standard duration provided for UI benefits.

Financing

Beginning in 1971, the unemployment insurance program has been financed jointly with other branches of social security. The costs of the comprehensive national social insurance program and of the civilian war pensions program are financed by contributions of workers, employers, and government. The contribution rates are applied to earnings (referred to as *pension-producing income*) which do not exceed 12 times the monthly base amount. In 1975, the contribution rates applicable were 4.5 percent for employees, 16.7 percent for employers, and 2.25 percent each for national and local governments.[7] The monthly base amount for 1975 was 11,000 kroner. The first 6,500 kroner in annual earnings were disregarded for contribution purposes. Financing of UI benefit costs has not presented any serious problem in Norway thanks to a very low rate of unemployment.

Administration and Coordination With Other Programs

The Norwegian national insurance scheme is administered centrally by the National Insurance Institution through development boards at the regional level, through the secretariats of county committees, and through insurance offices at the local level. The scheme operates under the general supervision of the Ministry of Social Affairs. The National Insurance Institution collects the contributions covering all programs.

The Directorate of Labor, under the supervision of the Ministry of Labor and Municipal Affairs, is directly responsible for the administration of the unemployment benefits segment of the national insurance scheme as well as for employment services. The Directorate operates the program through regional, county, and local committees

7. For the self-employed, the rate was 13 percent. Both employees and the self-employed each paid an additional 4.4 percent of *taxable income* to finance sickness insurance.

and development boards. The local bodies function within local labor exchange districts. They either decide claims for UI benefits or leave the decisions to the managers of the labor exchange offices. The actual payment of benefits is handled by the local insurance offices of the National Insurance Institution, which handles all insurance benefit payments.

The integration of all social insurance programs into a unified system helps to minimize problems of coordination among benefits for different contingencies. Coordination still requires attention, however, since the administration of the UI program, except for the payment of cash benefits, is handled separately. Sickness and work injury benefits are payable at the same rates as UI benefits so that there is no incentive to claim one in preference to the other, although UI benefits are payable for a more limited period. Unemployed workers who become incapacitated for work when they are in receipt of unemployment benefits are entitled to cash sickness benefits and are transferred to that program. Entitlement to unemployment benefits lapses if the beneficiary becomes eligible to receive a maternity benefit or an old-age or full invalidity pension. Family allowances are payable concurrently with UI and other benefits. Special regulations may apply concerning UI benefits if the unemployed worker is entitled to reduced pensions or other types of benefits.

Promoting Reemployment

The Directorate of Labor, which is part of the Ministry of Labor and Municipal Affairs, operates an extensive system of employment services including job referral, placement, vocational guidance, training, and rehabilitation. It also provides counseling and psychiatric services. Subsidies may be granted for projects designed to promote employment, within the limits of the resources allocated annually for this purpose. Employment service costs are financed from general revenues.

Workers who are without suitable employment because of old age, ill health, or other special circumstances, and with little prospect of obtaining permanent employment, may receive "help towards earning a livelihood" under the national insurance scheme. A special Royal Commission has been set up to create favorable conditions for the employment of older workers. There have also been special vocational training programs provided for unemployed youth. Wage subsidies are paid to workers employed at occupational centers for the vocationally handicapped. Financial aid is afforded to firms that accept employees

who are difficult to place. As a means of avoiding layoffs, the government reimburses employers for half the wage cost of employees who are continued at their full wages but engaged in approved training apart from the usual production operations.[8]

An insured worker who moves from a district where there is a surplus of manpower to take up employment in another district where this is not the case is entitled to allowances applicable to the costs of his and his household's relocation to the new place of work. There are also allowances payable to unemployed workers engaged in training and vocational rehabilitation. For unemployed workers assigned to employment on local or provincial public works, there are wage supplements. The costs of these allowances and wage supplements are financed out of insurance funds.

Under a collective wage agreement, the Norwegian Federation of Trade Unions and the Norwegian Employers' Federation have established an information and development fund to promote measures in the fields of information and training in industry. These include the development of training facilities. The training is aimed at shop stewards, managers, and employees and is concerned with industrial rationalization and productivity. To finance the program, the employers pay a contribution of one krone per week per employee, and each employee pays one-half krone per week. The National Insurance Institution administers the collection of the contributions.

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8. National Commission on Manpower Policy, Special Report No. 3, *Recent European Manpower Policy Initiatives* (Washington, D.C., Nov. 1975), p. 29.

Voluntary cash benefit plans organized by some of the trade unions and friendly societies in the United Kingdom made some aid available to a limited proportion of workers who experienced unemployment in the late 19th and early 20th centuries. In those years industrial unemployment came to be regarded as an increasingly serious problem calling for action by the government. The private plans and local relief measures proved to be inadequate to meet the problem, nor did Poor Law relief offer a satisfactory solution. In 1911 the United Kingdom became the first country to institute a national compulsory unemployment insurance program, adapting for the purpose the social insurance concept which was first applied about 25 years earlier in Germany to protect workers against wage loss caused by inability to work owing to sickness or injury. The new UI program, linked to a national employment exchange system established by a law enacted the year before, covered workers in seven specified trades with financing by contributions of workers, their employers, and the government.

The scope of the scheme was subsequently extended. By 1920 all manual workers, except domestic household and agricultural employees, and all non-manual workers earning less than a prescribed amount were protected. Heavy and long-term unemployment during the 1920's and early 1930's strained the UI system severely as the duration of benefit support was extended repeatedly in order to maintain jobless workers who were unable to find steady employment, if any at all. Benefit outlays far surpassed the resources provided by the scheme's contributory financing structure. To sustain these outlays required large public appropriations that badly drained government funds. The UI program was reformed in the mid-1930's. The reform placed a more manageable limit on benefit duration beyond which workers who were still unemployed and tested as being in need were able to draw further support from a new unemployment assistance program.

Soon after the end of World War II, on the basis of studies of the existing programs and recommendations for a unified system of social insurance put forward in the Beveridge Report,[1] the United Kingdom adopted a comprehensive National Insurance and Industrial Injuries Scheme which included unemployment insurance. The new scheme came

1. Sir William Beveridge, *Social Insurance and Allied Services* (London: His Majesty's Stationery Office, 1942).

into operation in July 1948. Subsequently there were extensions and some changes in the light of experience. The scheme was substantially restructured by the Social Security Act of 1975. Besides unemployment, the scheme covers loss of income due to sickness, work injury, old age, invalidity, and death of the breadwinner.

The earlier unemployment assistance program was merged into a general supplementary benefit system in 1966. That scheme provides cash assistance to persons whose resources fall short of amounts required to sustain appropriate minimum living standards as approved by Parliament. Unemployed workers who exhaust their UI benefits or who receive inadequate UI benefits may qualify for supplementary benefits if they are in need. In assessing the UI claimant's requirements, account is taken of his dependents and of the rent that he pays.

The Redundancy Payments Acts of 1965 and 1969 require employers to make lump-sum grants to workers with at least 2 years of continuous service whose jobs have ceased to exist because of technological improvements or a fall in demand if these employers cannot offer alternative suitable work. The amount of the grants varies with age, length of service, and prior wages up to a maximum equivalent to 2,400 pounds, as of 1975.[2] The grants are reduced by retirement benefits for workers who go on pension but are not reduced by UI benefits for which redundant workers may be eligible. Redundancy payments are made by the employer concerned who is subsequently reimbursed from a fund subscribed to by industry as a whole. These payments are exempt from taxation.

Type of System, Scope, and Coverage

The contingency covered by unemployment insurance is the involuntary unemployment of a worker who is capable of and available for work, unemployment which has been incurred through no fault of his own and which has resulted in a loss of earnings. The benefit is payable only when there are 2 or more consecutive days of unemployment within 6 consecutive weekdays. Isolated days of unemployment which do not link up under this rule are not compensable. A worker is not regarded as unemployed if he has done his usual amount of work in the week. Thus, for example, a person who works Monday through Friday each week cannot get benefits for Saturday and Sunday.

2. British Information Service, *Manpower and Employment in Britain: Occupations and Conditions of Work*, R 5997/75 (London: Central Office of Information, 1975), p. 10.

UI benefits do not apply in the case of partial unemployment, i.e., a reduction of the normal work schedule. Unemployment benefits, however, can be paid to a worker who has lost his regular job but is working on a temporary part-time or spare-time job, whether on his own account or in the employ of others, on the following conditions: (1) he must be available for full-time employment, (2) if he is working for an employer in a spare- or part-time job, the work must not be in the worker's usual occupation, (3) the current temporary part-time job must not be one which would interfere with his taking full-time work in his usual occupation, and (4) he must not earn more than 75 pence a day from it.

Every person between the minimum school-leaving age (currently 16 years) and retirement age (normally 65 for men and 60 for women)[3] who is gainfully employed, i.e., under an express or implied contract of service or apprenticeship, is protected under the unemployment insurance program provided his gross weekly earnings are not less than a specified amount (11 pounds a week in late 1975). Members of the employer's family who work in the home are excluded from coverage. Married women may elect not to be insured against unemployment, and the vast majority of working married women exercise their option not to pay contributions on their own account.[4]

Eligibility

The qualifying requirements for UI benefits are based on insurance contributions. New requirements were established by the 1975 legislation but, broadly speaking, these were not to take effect until 1977. In the meantime the former requirements applied whereby a claimant must have *paid* a minimum of 26 weekly contributions as an employee (not as a self-employed worker) since first entering into insurance and have at least 26 contributions *paid or credited* as an employee during the latest contribution year preceding his claim. (Weekly contributions are credited to one's insurance record during a period of unemployment or work-preventing illness.)

To qualify for unemployment benefits under the new requirements, the claimant must have paid during any past year (as an employee)

3. Working men between ages 65 and 70 (women between 60 and 65) may receive benefits if unemployed but at their old-age pension rates (see section on Workers Subject to Special Treatment).

4. "Women and Social Security—Study of the Situation in Five Countries," *International Social Security Review*, Vol. XXVI, Nos. 1 and 2, 1973, p. 112.

contributions based on earnings equal to at least 25 times the minimum weekly earnings limit established for that year as the basis for coverage by the program (11 pounds in 1975). During the latest year preceding his claim, he must also have either paid or been credited with contributions representing at least 50 times the minimum weekly earnings limit for the year. (Under special regulations claimants with less than the minimum contributions required may qualify for benefits at reduced rates.)

Only claimants who are capable of and available for work as employees and who have fulfilled the qualifying conditions are entitled to unemployment benefits. A claimant must register for work at the local job center, and, normally, he must report once a week at the unemployment benefit office to claim benefits.

A claimant is disqualified from benefits if without good cause he refuses a suitable job, fails to apply for a suitable job of which he is told, or fails or refuses to avail himself of a reasonable opportunity of approved training with a view to regular employment. Employment is not considered suitable if the job is vacant as a result of a trade dispute, if it is too far from the claimant's home, or if it is a job in the claimant's usual trade or district that provides a lower wage or less favorable conditions than he might reasonably be expected to obtain or than are generally observed or recognized in the place concerned. After a reasonable period of continued unemployment, employment is not regarded as unsuitable merely because it is not in the claimant's usual occupation provided that it is under conditions not less favorable than are usually recognized. There is a considerable volume of case law arising from unemployment insurance appeals adjudications on what constitutes suitable employment.

A claimant may be disqualified from receiving unemployment benefits for a period not exceeding 6 weeks if he left his work voluntarily without just cause, if he was discharged for misconduct, or if without good cause he has refused or neglected to take suitable employment or approved training. He is not eligible for benefits if unemployed because of a work stoppage at his place of employment due to a trade dispute in which he, or a member of his grade or class, is taking part or is directly interested, or which he is helping to finance.

Under prescribed circumstances a claimant is not regarded as being unemployed and therefore is not eligible for benefits during periods for which he receives a payment from his employer in lieu of notice or as dismissal or severance pay. This provision does not apply in the case of

payments for periods that are 12 months or more after the termination of the claimant's employment. Unemployment benefits as a rule may not be paid concurrently with any other benefits provided under the National Insurance and Industrial Injuries Scheme or with a training allowance from a government-supported training program. If a claimant qualifies for more than one type of benefit, he normally receives the larger or largest of these.

Specially appointed insurance officers located in the local UI benefit office make the original determinations of eligibility for benefits. A claimant who is dissatisfied with this determination may appeal to an independent local tribunal consisting of one member from a panel representing employers, one from a panel representing employees, and a chairman who normally has legal qualifications and is appointed by the Secretary of State for Social Services. If he is still dissatisfied, the claimant has a further right of appeal to a national insurance commissioner who is the final appellate authority under the Social Security Act. While appeals proceedings are public and appellants can have legal assistance, they do not have legal access to relevant legal documents. Disputes which relate to contributions are decided by the Secretary of State for Social Services. There is a right of appeal from his decisions on points of law to the High Court in England and to the Court of Session in Scotland. The Secretary of State has power to take legal action and to specify penalties in the case of anyone who fails to pay contributions that are lawfully due or who obtains benefits by fraud, including the withholding of information about earnings or other circumstances that would affect the rate of benefit.

Cash Benefits: Amount and Duration

The weekly unemployment benefit amount payable is made up of one or more elements which are based on several factors. First, there is a weekly standard flat-rate component which at the end of 1975 was 11.10 pounds for claimants other than married women and 7.80 pounds for married women. A married woman may be eligible for the higher rate under certain circumstances, e.g., if her husband receives a retirement or invalidity pension, or if he is incapable of self-support. (Regulations may provide for the payment of benefits at a reduced flat rate varying with the extent to which the qualifying contributions requirements are satisfied.)

Second, the flat-rate benefit is supplemented if the claimant has one or more dependents. The amount of the weekly supplement, as of late 1975,

was 6.90 pounds for one adult dependent, 3.50 pounds for the first (or only) child, and 2.00 pounds for each additional child. Apart from UI benefits, if children's allowances had been payable to the family of the claimant while he was working, they continue to be paid during his unemployment.[5]

Third, there is a weekly earnings-related supplement payable to claimants with annual earnings of more than 500 pounds. The amount of this supplement is calculated on the basis of the claimant's average weekly earnings in the last income tax year and is derived by dividing his annual earnings by 50. As of late 1975, the wage-related supplement was equal to one-third of average weekly earnings between 10 and 30 pounds plus 15 percent of any weekly earnings between 30 and 54 pounds. Thus, the maximum supplement payable at the end of 1975 was 10.26 pounds per week.

The total weekly benefit amount payable, taking together all components, may not exceed 85 percent of the claimant's average weekly earnings. In 1974, the average weekly wage paid to male workers in manufacturing jobs in the United Kingdom was 49.10 pounds. An adult male claimant who earned that amount and filed a claim at the end of 1975 would receive a weekly flat-rate benefit equal to 11.10 pounds plus an earnings-related supplement of 9.53 pounds. With no dependents, his total weekly benefit amount of 20.63 pounds would replace 42 percent of his former weekly wage. If he had a dependent wife and two dependent children, his weekly benefit amount would be increased by a total of 12.40 pounds for dependents' supplements. His total benefit of 33.03 pounds would replace 67 percent of his former wage.[6]

A claimant must serve a waiting period, or *waiting days*, in each spell of unemployment before benefits become payable. The number of days differ for flat-rate benefits and the earnings-related supplements: 3 waiting days for the former and 12 for the latter. A claimant who goes back to work and becomes unemployed again does not have to serve more waiting days, i.e., begin a new spell of unemployment, unless the intervening employment lasted for more than 13 weeks.[7]

5. Under the Family Allowance Act of 1975, an allowance is not paid for the first child.

6. See table 7. Before benefit rates increased in November 1975, his total benefit amount would have replaced 61 percent of his wage.

7. If during the 13 weeks prior to the start of a spell of unemployment the claimant had served 3 waiting days in connection with receiving some other insurance benefits (sickness, injury, maternity, etc.) or government training allowances, he is not required to serve more waiting days before drawing his flat-rate benefits.

The flat-rate UI benefits are payable for up to 312 days (52 6-day weeks) in any one spell of unemployment. The earnings-related supplements are payable up to 156 days (26 weeks) in a single spell. If benefits are exhausted, no further UI benefits are payable until the claimant requalifies. He can do so by working as an employee for not less than 21 hours in each of at least 13 weeks, at which time he can become eligible for a fresh period of benefits.

Workers Subject to Special Treatment

Under special circumstances certain persons engaged in occasional employment in agriculture, domestic servants who do not work for one employer for as much as 8 hours in a week, seamen on foreign ships, share fishermen, seasonal workers, and homeworkers receive special treatment under the unemployment insurance scheme. Seasonal workers are insured under the general scheme but are subject to special conditions. A worker who normally has a break in employment during the same period or periods each year for more than 7 weeks is entitled to unemployment benefits during the off-season only if he satisfies specified conditions additional to those ordinarily required. He must be registered for work at an employment office and have been so registered during the off-seasons of the previous 2 years. He must also either have obtained, or have a reasonable prospect of obtaining, a substantial amount of work in his current off-season. If he is without a job during the part of the year when he would normally be employed, he is entitled to benefits subject to the usual conditions.

As already noted, married women receive special treatment under the UI program. They may choose *not* to be covered by UI, and most have so chosen. If they do elect to be covered and claim benefits when unemployed, they are paid a lower flat-rate amount than are other adult claimants.

The minimum age for a retirement pension is 65 for men and 60 for women. Men who continue working between the ages of 65 and 70 (working women between 60 and 65) may receive UI benefits if unemployed, but these are paid at the rate of the flat-rate retirement pensions they would have received at age 65 (age 60 for a woman) if they had by then fulfilled the qualifying period for a retirement pension. Unemployment benefits are not payable to men aged 70 or over (women aged 65 or over) as they are deemed to be retired and out of the labor force.

There are special rules to help students, trainees, unpaid apprentices, and young persons who have recently left school or university to qualify for unemployment benefits more quickly than they would otherwise.

Financing

Unemployment insurance is financed jointly with other contingencies insured under the National Insurance and Industrial Injuries Scheme by single contributions by covered workers and by their employers, along with a government subsidy to the national insurance fund. For the fiscal year ended March 31, 1974, the government subsidy accounted for about 13 percent of all receipts of this fund. Besides workers who contribute as employees, others, such as the self-employed, also contribute to the national insurance fund, but their contributions do not provide UI protection.[8]

Under the new system begun in April 1975, the covered employee's contribution and that of his employer are wholly earnings related, a change from the previous combination of flat-rate and wage-related contributions. The new contribution rates in 1975—5.5 percent for employees and 8.5 percent for employers—applied to all weekly earnings up to a ceiling of 69 pounds. The employee's earnings-related contribution is compulsory, but he may voluntarily add a flat-rate contribution to supplement a deficient contribution record so that he can qualify for better pensions or other long-term benefits. Married women who are employed who choose *not* to be covered by unemployment insurance pay a reduced rate that covers other insurance benefit protection; employers, however, pay the full rate of contributions for the married women in their employ whether or not they opt out of UI coverage.

Administration and Coordination With Other Programs

The national insurance system is administered by the Department of Health and Social Security under the responsibility of the Secretary of State for Social Services. There is a National Insurance Advisory Committee to which the Secretary must normally submit, for its consideration and advice, most regulations that he proposes to make and

8. Under certain conditions, credit may be allowed to a UI claimant for contributions he made while self-employed or not employed during the contribution year to supplement those credited to him as an employee if the latter are not sufficient to qualify him for the full flat-rate unemployment benefit amount.

questions relating to the operation and amendment of the Social Security Act. The Committee consists of a chairman and other members, some of whom are appointed after consultation with organizations such as those representative of employers and of workers.

Acting as the agent of the Department of Health and Social Security, the Department of Employment administers unemployment insurance benefits through its Unemployment Benefit Service, utilizing a system of regional offices and unemployment benefit offices. These offices handle and determine claims after referring to the central records of the Department of Health and Social Security for the necessary data on the claimants' contributions paid and on details of any other benefits the claimants may be receiving. The local staff of the Unemployment Benefit Service also clears questions relating to claimants' employment qualifications and the characteristics of job vacancies with the local Job Centers of the Department of Employment's Manpower Services Commission. Claimants must register for work at the local Job Centers and usually report every week to their local unemployment benefit offices. Payments of UI benefits are made by mail.

All social security contributions of employees and employers are collected through the pay-as-you-earn (deduction at source) income tax system. It is the responsibility of the employer to see that the contributions of his employees as well as his own matching contributions are paid. The Department of Health and Social Security maintains all contribution records. During a recognized period of unemployment, contributions are credited to the insurance record of the unemployed worker even though they are not actually paid, thereby safeguarding his benefit rights under all programs.

Since there is a unified national insurance system that covers all contingencies and which comes under the responsibility of one department, problems of coordination are eased. Unemployment insurance is administered by a separate department, however; some coordination problems therefore do remain.

Close coordination is maintained between the UI and sickness insurance programs since both usually involve temporary interruption of employment and since a claimant may become sick while unemployed. Unemployment and sickness benefits, which are payable at the same rates, may not be paid concurrently. Special provisions and procedures ensure continuity of benefits when one of these contingencies follows the other. The waiting days have equal standing for unemployment or

sickness benefits; when unemployment follows a period of sickness, or vice versa, waiting days served for one type of benefit do not have to be served again for the other provided that no more than 13 weeks of employment have intervened.

A worker who retires on an old-age pension (usually at age 65 for men or age 60 for women) may not draw any UI benefits. A widow who is eligible for both unemployment benefits and a widow's pension usually receives whichever is the larger payment. Children's allowances and UI benefits are paid concurrently.

Promoting Reemployment

The Department of Employment is generally responsible for the nation's manpower policy. Until 1973, it administered both the UI and employment service functions, which were closely integrated. In that year, a new policy was adopted to give these two functions more separate identities. The Manpower Services Commission was established as an autonomous agency of the Department of Employment and made responsible for employment and training services. The Manpower Services Commission operates through its Job Centers, the premises of which are now separate from those of the Unemployment Benefit Service offices.

The Commission provides various kinds of services, such as the usual employment services of registering job applicants (including UI claimants), receiving orders from employers for workers, referral, placement, and vocational guidance. A special youth employment service concentrates on placement and occupational guidance for young applicants. In addition there are small reestablishment centers for workers who receive supplementary benefits and who have been unemployed for such a long period that they have lost the habit of work and need special help if they are eventually to be placed in suitable employment. Employers are required to hire a specified percentage of their work force from among workers who are handicapped.

The Commission also supports training and retraining courses in industry and in government training centers for unemployed workers and for workers who are likely to become unemployed because they work in a declining industry or in an obsolete trade. Trainees may receive incentive training allowances which may be greater in amount than unemployment insurance benefits but somewhat lower than their normal earnings. These allowances vary in amount by marital status and number of dependents.

On average, training courses last for 6 months; allowances may continue for 12 months if the training lasts that long. If the trainee has learned a trade, he is provided with a personal tool kit, at no cost to himself, if it is necessary for his future work.

A new scheme begun in 1975 is designed to stimulate the employment of young jobseekers who have been unable to find work since leaving school. The scheme provides a wage subsidy of 5 pounds a week for 26 weeks to employers for each unemployed youth who has left school whom they hire.[9]

The training and retraining programs are supplemented by measures that provide financial assistance to promote the geographic mobility of labor. These include a resettlement transfer scheme for workers who are not likely to find work in their own locality; a scheme for *key workers*, i.e., workers considered as such by firms which, with government assistance, are decentralizing their activities; and a *nucleus labor force* scheme whereby workers recruited by firms which are moving into areas of low employment are sent to headquarters for special training. Under the three schemes there are allowances to cover the costs of travel, double housing, if necessary, and installation in the new location for the worker and his family. The Department of Employment is responsible for the administration of these schemes.[10]

The various employment and training services provided by the Manpower Services Commission are free to the public, except for the placement of professional or technical workers for which fees are charged to the hiring employers. This exception was adopted in recent years as part of an effort to improve and increase services for this category of workers. All other employment service costs and the costs of training programs and relocation assistance are financed out of the general revenues of the government.

In response to the worsening unemployment of 1974-75, the Employment Protection Act of 1975 was adopted to provide partial compensation for reduced work schedules. The UI program does not pay benefits for less than 2 full days of unemployment a week. Under the

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9. National Commission on Manpower Policy, Special Report No. 3, *Recent European Manpower Policy Initiatives* (Washington, D.C., Nov. 1975), p. 26.

10. International Labor Office, Second European Regional Conference, Report III, *Income Security in the Light of Structural Changes* (Geneva, Jan. 1974), pp. 37-38.

1975 Act, the worker placed on reduced worktime receives compensation equal to half his lost wages up to a maximum of 6 pounds a day for as many as 5 days in a calendar quarter.[11]

11. National Commission on Manpower Policy, *Recent European Manpower Policy Initiatives*, p. 10.

United States

In the United States the financial protection of workers in the event of unemployment is provided under a federal-state unemployment insurance system. This system came about through the passage of the federal Social Security Act in 1935. One part of the Act imposed a uniform federal unemployment tax of 3 percent on the payrolls of all employers in commerce and industry with eight or more workers and gave an incentive to the states to enact laws providing for the payment of benefits to insured workers who became unemployed. The incentive was the provision that in a state with an approved unemployment insurance program, employers could credit against 90 percent of the federal unemployment tax the unemployment insurance taxes that they paid to the state to finance unemployment benefits. This approach made it possible for the individual states to set up their own unemployment insurance programs without the competitive disadvantage that might have resulted had each individual state tried to levy taxes to support its scheme without assurance that other states would do the same. By 1938 all states had enacted acceptable unemployment insurance laws under this arrangement.

The federal-state system has operated essentially within the same basic framework since its establishment. Federal UI legislation enacted at various times during the last 40 years has amended the basic program to expand its coverage, to extend the duration of its benefit protection during recession periods, to strengthen its financing structure, and to set additional standards for approval of state laws, among other things. State UI laws, too, have been amended frequently for similar purposes and to conform with the changing federal laws; they have also been amended to modify eligibility requirements and benefit provisions.[1]

A separate federal unemployment insurance scheme covers railroad workers. It is part of a comprehensive social insurance program which covers various contingencies for these workers. This program is administered by the Railroad Retirement Board and operates independently of the federal-state unemployment insurance system.

There are two special federal unemployment benefit schemes outside the unemployment insurance system. One of these, the trade

1. The provisions of the federal-state UI system described in this summary are those which were in effect in 1975, some as of the beginning of the year and some as of July 1975.

249

readjustment allowances program, is for workers whose unemployment is determined to have been caused by the competition of foreign imports which have increased because of changes in tariffs or import rules. The other, the disaster unemployment assistance program, is for workers whose unemployment has been caused by a major natural disaster, such as a flood, and who are not entitled to unemployment insurance for the period concerned. Both of these programs are financed from general federal revenues. The federal government finances other measures designed to promote employment of the unemployed, such as training, which may have associated income support.

In addition to public unemployment insurance programs, there are a number of private supplemental unemployment benefit (SUB) schemes in several important industries based on collective labor-management agreements. These provide cash benefits in addition to the public UI benefits but apply to only a small proportion of all workers in the country.

There is no unemployment assistance program in the United States. Needy unemployed persons who are not eligible for UI benefits may receive cash assistance from state or local general relief programs, or from some federally subsidized state programs of aid to families with dependent children. These provisions, however, are not available in all states for all needy unemployed.

Type of System, Scope, and Coverage

All states, the District of Columbia, and the Commonwealth of Puerto Rico have unemployment insurance laws.[2] The federal law contains some standard requirements by which state UI laws must abide. These requirements concern some of the eligibility conditions that may be imposed, administrative practices, and benefit financing. The federal law also determines which employment must be covered. The terms and conditions under which benefits are paid are specified by state law. There are no federal standards which apply to the amount and duration of benefits payable under the state laws.

There are two federal programs to provide unemployment compensation for federal civilian employees and for members of the military services, the benefit costs of which are financed by the federal

2. The District of Columbia and Puerto Rico are counted as *states* within the federal-state system.

government. They are administered as part of the federal-state system. They provide benefits under the terms of state laws and are administered by the state employment security agencies acting as agents for the federal government.

The eligibility and disqualification provisions of the federal-state unemployment insurance system in effect define the contingency covered so as to limit the payment of benefits to involuntarily unemployed workers who have been separated from their jobs, either temporarily or permanently, and who are able to work and are available for work. A benefit is payable for a week of total unemployment, defined as one in which the claimant earned no wages or earned less than a specified small amount. In all but one state, a partial benefit is payable for a week of less than full-time employment if wages earned in that week are below a specified level.

Unemployment insurance coverage is defined in terms of employment rather than workers. Generally speaking, employment is covered if it is represented in payrolls subject to unemployment insurance taxes. The federal unemployment tax applies to employers who have one or more workers in each of 20 or more weeks of the year or who have a payroll of $1,500 or more in any calendar quarter. These employers must be covered by state UI laws in order to qualify for the credit allowed against their federal tax. The federal law also requires states to insure the employment of persons working in nonprofit organizations which employ four or more workers in 20 weeks and in state hospitals and institutions of higher education, even though these employers are exempt from the federal unemployment tax. The federal tax applies to services performed outside the country by United States citizens for United States employers. The employment of maritime workers is covered, as is the employment of fishermen if they work on or in connection with a vessel of more than 10 net tons or in connection with the catching of salmon or halibut for commercial purposes. As already indicated, the federal-state system also covers the employment of federal civilian and military employees.

Significant exclusions from the protection afforded by federal requirements include most employment by state and local governments and employment in agriculture and domestic household service.[1] Also

3. Beginning in 1978 states are required to extend coverage to virtually all state and local government employment, to agricultural labor performed for large farm employers, and to some domestic household service.

excluded in most states is employment of persons in the following categories: insurance and real estate agents remunerated on a commission basis, students employed in a school or college where they are regularly attending classes, student nurses and interns in the employ of a hospital, members of the clergy or of religious orders or persons employed in religious activities, casual labor, and family labor.

The compulsory coverage provisions of some state laws go beyond the requirements of the federal law, and some states may permit otherwise exempt employers to elect to cover their employees. For example, some agricultural employment is covered compulsorily in California, Hawaii, Minnesota, and Puerto Rico and by election in other states. Some domestic private household employment is covered compulsorily in New York, Arkansas, Hawaii, and the District of Columbia. Most states cover at least some state and local government employment.

Eligibility

To qualify for unemployment benefits, a claimant must have substantial labor force attachment in the recent past as evidenced by at least a specified amount of covered employment or wages in a *base period*. In 35 states the base period is the first 4 of the last 5 completed calendar quarters preceding the beginning of the *benefit year* as determined by the filing of a valid claim. In some states the base period is 52 weeks preceding the claim. The benefit year is usually 52 weeks following the claim.

Fourteen states require a qualifying period of a specified minimum number of weeks of employment within the base period, ranging from 14 to 20 weeks. Nine states require only a specified flat amount of wages within the base period, including 5 which specify some distribution of wages among at least 2 calendar quarters. The remaining 29 states require total base-period wages equal to at least a prescribed multiple of the claimant's weekly benefit amount payable, or of his highest quarterly amount of earnings—formulas that are designed to approximate between 14 and 20 weeks of employment for most workers. Two states (New York and Wisconsin) provide an alternative requirement based on employment in 2 prior years for claimants unable to meet the normal base-period requirement.[4]

A claimant for UI benefits must be able to work and available for work. Usually he must register for work at the public employment office.

4. Wisconsin eliminated this alternative in 1976.

Claimants may not have to register if they normally obtain jobs through their unions or if they are on a short temporary layoff. Most states require claimants to seek work actively or to make reasonable efforts to do so. Although a claimant who is otherwise eligible is generally disqualified from drawing UI benefits when ill or disabled, 11 states continue to pay him benefits (1 for no more than 3 weeks) so long as no work that is suitable, considering his disability, is offered or refused.

In all states a claimant is disqualified from benefits if he has voluntarily left his work without good cause, has been discharged for misconduct connected with his work, or has refused suitable work. In most states the disqualification for leaving work voluntarily relates to separation from the most recent employment; in other states, an earlier quit can be disqualifying. About half the states restrict good cause to that connected with the work or attributable to the employer, but in a number of other states it may be interpreted to include a good personal cause. In the case of a voluntary quit disqualification, more than three out of five states suspend benefits either for a uniform period or a variable number of weeks. Uniform periods are as low as 4 weeks in one state and as high as 26 weeks in another; variable periods range as narrowly as 1 to 5 weeks and as widely as 1 to 25 weeks. Some states suspend benefits for the duration of the claimant's current unemployment and usually require some minimum amount of subsequent employment to requalify. Seventeen states also reduce the duration of benefit rights of the disqualified claimant, usually by the number of weeks of the suspension.

A discharge-for-misconduct disqualification is likewise usually based on separation from the most recent employment. About three-fourths of the states suspend benefits for a uniform number of weeks (3 to 12) or a variable period (as narrow a range as 2 to 6 or as wide as 1 to 26 weeks) in cases of disqualification owing to discharge for misconduct; elsewhere, the disqualification is for the duration of the claimant's unemployment. In 17 states his benefit entitlement is also reduced. Some states impose more severe disqualifications in cases of gross misconduct, such as acts constituting a crime or a felony.

In all states an unemployed person who refuses suitable work without good cause is disqualified. In most states the period of disqualification is specified as a uniform number of weeks (3 to 10) or a variable period (as much as from 4 to 25 weeks in one state); in other states it is for the duration of unemployment. Some states reduce or cancel benefits as well. The criteria for determining if the work is suitable usually include the

degree of risk to the claimant's health, safety, and morals; his physical fitness, prior training, experience, and earnings; the length of his unemployment; his prospects of obtaining local work in his customary occupation; and the distance of his work from his residence and the transportation available. With a view to protecting labor standards, the federal law prohibits the states from denying compensation to any otherwise eligible claimant for refusing to accept new work if the position offered is vacant owing directly to a strike, lockout, or other labor dispute; or if the wages and working conditions offered are substantially less favorable than those prevailing for similar work in the locality; or if the individual would be required to join a company union or to resign from or refrain from participation in a bona fide labor organization.

Unemployment caused by labor disputes is not generally compensable, although some states do not disqualify claimants in cases of lockouts or disputes caused by the employer's failure to conform to a contract or labor law. A claimant is disqualified if he or any member of the same class is participating or indirectly interested in the dispute or is helping to finance it. In the case of disqualifications caused by a labor dispute, benefits are usually suspended during the period of the work stoppage or while the dispute is in active progress, but they are never reduced or canceled. Only New York and Rhode Island suspend benefits for a fixed number of weeks (7 and 8, respectively) after which claimants on strike may draw benefits; until then, however, all employees unable to work because of the dispute, whether they are interested parties or not, are denied benefits.

All but one of the states provide for special disqualifications for fraudulent misrepresentation to obtain or increase the benefits. In addition, fines or imprisonment may be imposed, and there are provisions for recovery of benefits obtained fraudulently.

Most states reduce a claimant's benefit amount, and a few deny him benefits altogether, for any week in which he receives certain types of income, including wages in lieu of notice, dismissal wages, worker's compensation, and benefits under the old-age, survivors', and disability insurance program. The receipt of a pension under the social security program or an employer's pension plan, where taken into account, usually serves to reduce the UI benefit amount rather than to disqualify the claimant. So long as the pensioner remains able and available for work and is seeking work, he is generally regarded as eligible for benefits.

In all states claimants who are held to be ineligible for benefits are so notified and given the reason for ineligibility. Notices of claims determinations also go to the base-period employers of the claimants concerned. Both claimants and employers are entitled to appeal these decisions. All state laws provide for appeals (usually two levels of appeal) within the administrative agency or to a related appeals body, after which cases can be appealed to the state courts. Among the states, time allowed for filing appeals at the first stage ranges from 5 to 15 days (30 days in New York) after notification of the determination of the claim. First-level appeals are heard in half the states by a single referee or examiner. In most other states, the referee may hear the case with two associates, one representing employer interests and one the interests of the employees. In the absence of a further appeal the decision taken at the first-level appeal is usually final; in a few states the referee may reconsider his decision within a prescribed period.

Time allowed for filing second-stage appeals ranges from 5 to 20 days.[5] In about half the states a second appeal goes to an independent review or appeals board, which usually consists of three members appointed by the state governor. Elsewhere second-stage appeals are heard by commissions or boards responsible for the program's administration. In some states a contested determination that involves a labor dispute must be appealed directly to the second-stage appeals body. All the state unemployment insurance laws provide for further judicial review by the courts.

Cash Benefits: Amount[6]

Under all state laws the benefit amount payable, within minimum and maximum limits, is wage related. In most states the amount is calculated as a fraction of the claimant's highest quarterly earnings in his base period. This *high-quarter* formula is used to assure that the wage reflects full-time earnings as nearly as possible. The high-quarter fractions used range from 1/31 to 1/15, although 1/25 or 1/26 are the most usual. Where the benefit is 1/26 of high-quarter wages, a beneficiary will receive 50 percent of his average weekly wage in that quarter, within the minimum and maximum benefit amounts. Only 1 state uses a fraction smaller than 1/26. In 10 states, the weekly benefit amount is a percentage, which ranges from 50 to 66-2/3 percent, of the average

5. In three states the second appeal goes directly to the courts.

6. This and the next section on Duration are based on provisions of state laws as of July 1975.

weekly wage earned by the claimant throughout his base period; in some of these states, weeks of very low earnings, e.g., under $20 or $30, are not taken into account in calculating the average weekly wage. In 4 states the weekly benefit amount is simply fixed as a percentage of annual wages ranging from 0.8 to 2.3 percent. Eleven states use a weighted benefit-wage schedule which gives a higher proportion of weekly, high-quarter, or annual wages to low-paid workers than to those with higher earnings.

In 31 states the maximum weekly benefit amount payable is adjusted once or twice each year to reflect the change in the average weekly wage paid in the state. The maximum in these states is usually set at 50 percent or more of the average weekly wage paid in all covered employment during a recent 1-year period; some states set their benefit ceilings as high as two-thirds of the average wage. As of July 1975, basic weekly benefit ceilings (excluding dependents' supplements) ranged from $55 to $127 among these states, while the 1974 average weekly wage in covered employment ranged from $108 to $201. In the remaining 21 states, benefit ceilings are changed only by legislative action. Among these states, the basic benefit ceilings in effect in July 1975 ranged from $60 to $105. As a proportion of the average weekly wage paid in covered employment in 1974 in these states, the ceilings ranged from 30 to 64 percent (they were under 50 percent in 11 states); the 1974 average weekly wage ranged from $134 to $212 ($294 in Alaska).[7] The state laws usually specify the minimum weekly UI benefit amount payable; only a few provide for periodic adjustment of the minimum for wage-level changes.

Only 11 states pay supplements or higher benefits to claimants with dependents. Dependents include children under a specified age and may include an older child who is unable to work or a nonworking dependent spouse, parent, brother, or sister, as prescribed. The supplements are ordinarily fixed at flat rates per dependent, but in several states the amount paid varies not only with the number of dependents but also with the amount of the beneficiary's previous earnings. In states which take account of dependents, in addition to a basic benefit ceiling (applicable for claimants without dependents), there is usually a higher ceiling for claimants with dependents; in several of these states a higher previous wage is also required to qualify for the higher maximum. Among the states that take account of dependents, the maximum weekly benefit

7. See table 7 for benefit amounts payable at 1974 average weekly wage levels in manufacturing in selected states.

amount, including supplements, ranged from $89 to $156 as of July 1975. A worker who had two dependent children and a dependent wife and who earned the 1974 average weekly covered wage paid in his state would qualify for a benefit amount, including dependents' supplements, ranging among these states from 37 to 69 percent of his wage.

In all but one state, a worker is considered partially unemployed in a week of less than full-time work if he earns substantially less than his full weekly wage from his regular employment. The amount of the benefit for a week of partial unemployment is usually the full weekly benefit amount reduced by the amount of earnings in that week above a specified allowance. That allowance is fixed either as a flat amount, varying among the states from $2 to $25, or as a fraction of the weekly benefit amount or of the amount earned.

Cash Benefits: Duration

The great majority of the states require a waiting period of 1 week of total unemployment before benefits are payable. It is served once in a benefit year. Many states provide that benefits paid for unemployment continuing into a new benefit year shall not be interrupted for a waiting week. In such states, if later in the new benefit year the claimant begins a new spell of unemployment, he must serve a waiting week. There has been a slow trend towards the elimination of the waiting period. As of mid-1975, a dozen states did not have one. In some states, if the claimant's unemployment has continued for a specified number of consecutive weeks, compensation for the waiting week may be paid retroactively.

The standard or regular duration of UI benefits payable depends, in most states, on the amount of the claimant's past employment or earnings, up to a prescribed maximum duration. Duration is extended beyond standard levels during periods of high unemployment. In 43 states, the number of weeks of *regular* benefits allowed (payable at all times regardless of the level of unemployment) varies with the claimant's base-period employment or earnings. In the other 9 states, regular benefits are payable to all eligible claimants up to a uniform number of weeks—26 weeks in 7 states, 30 weeks in 1 state, and 20 weeks in the remaining state. In all states the duration of benefits allowed is for a benefit year, and benefits may be drawn in the course of one or more spells of unemployment within that year.

States which vary the duration of benefits allow the claimant a fraction of the number of weeks that he worked in his base period or, more usually, a fraction of his total earnings which when divided by his weekly benefit amount yields the number of weeks payable. The fractions applied in the variable duration formulas differ among the states, producing different results for claimants with similar base-period employment or earnings. The formula most frequently prescribed allows total benefits equal to one-third of base-period earnings. Assuming uniform weekly earnings in the base period and a weekly benefit amount equal to half the wage, this formula requires 39 weeks of employment to qualify for 26 weeks of benefits. Some formulas are more generous and others less so. All these states set a maximum duration for regular benefits payable regardless of the results of the formula. The maximum is 26 weeks in most states; in nine states it is more, as much as 39 weeks in one of them. In several states, the minimum duration of benefits allowed is prescribed; in the other states the minimum is derived from the fractions specified in the formula and the minimum qualifying wages or employment required in the base period for eligibility. The minimum duration payable among most of the variable duration states ranges from 10 to 15 weeks.

In addition to the regular benefits payable at all times under state laws, the federal law provides for the payment of *extended* benefits by the states during periods of high unemployment, as indicated by the rates of insured unemployment for the nation as a whole or for individual states. When specified indicators reach prescribed levels, the payment of extended benefits is *triggered on* (nationally or in individual states); when the indicators fall below these levels, extended benefits are *triggered off*. Extended benefits are payable to claimants who have exhausted their regular benefits. The extended duration allowed is 50 percent of the number of weeks of regular benefits, but not more than 39 weeks of regular and extended benefits combined may be paid. The federal government pays half the cost of extended benefits out of the proceeds of the federal unemployment tax on employer payrolls, and the states pay the other half out of state UI tax proceeds. A few states have their own extended benefit provisions which may provide additional benefits at other times, or beyond those allowed by the federal-state extended benefits program.

When unemployment rose sharply in late 1974, federal emergency legislation was enacted to increase the duration of benefits still further because it was expected that a very large number of claimants would

exhaust all of their regular and extended benefit entitlement. This legislation, as amended in 1975, made federal *supplemental* benefits available during 1975 and 1976 to claimants exhausting all regular and extended state benefits if insured unemployment rates exceeded specified levels. The supplemental benefits were financed initially by funds advanced by the federal Treasury out of general revenues; the advances are to be repaid out of proceeds of the federal unemployment tax. The supplemental benefits payable could equal as much as the claimant's regular benefit entitlement, but the duration of all benefits paid (regular, extended, and supplemental combined) could not exceed 65 weeks.[8]

Workers Subject to Special Treatment

Most state UI laws make no distinctions between workers employed seasonally and other workers or between seasonal and nonseasonal employment and earnings with regard to benefit rights. In 13 states, however, special provisions do apply based on such distinctions. Approaches vary considerably concerning the definition of what is seasonal and how benefit rights are affected. These states define the term *seasonal* as it is applied specifically to the industry, employer, or occupation involved; to the restricted operating period of the employer or industry; or to the worker. In practice only a small segment of industry, employment, or the work force is designated as seasonal. For example, 3 states limit their designation of seasonal industries to the first processing of perishable food and agricultural products. One type of restriction of the benefit rights of claimants affected by a seasonal designation is that benefits based on weeks worked or wages earned in seasonal employment are payable only for weeks of unemployment within the customary operating period of the employer or industry where they were earned; wages earned or weeks worked in nonseasonal employment or in employment with a seasonal employer but outside the operating season may be reckoned for benefits payable at any time in the benefit year. Another type of restriction is that although benefit rights are based on all base-period wages, including earnings in nonseasonal work, benefits are payable only for unemployment that falls within the

8. Congress also provided for special unemployment assistance during 1975-77 to unemployed workers who were not covered by UI or who had insufficient covered employment to meet state qualifying requirements. Financed by federal general revenues, these benefits were paid in accordance with the regular provisions of state UI laws based on the prior employment or earnings (both covered and noncovered) of the worker. The duration of the assistance allowed could equal the number of weeks of regular plus extended UI benefits payable, but no more than 39 weeks in all.

operating season of the employer or industry for which the claimant worked if his seasonal earnings exceeded a specified proportion of his total base-period earnings. Over the years, the trend has been to discard special seasonal provisions. Higher qualifying requirements in some states have worked to eliminate eligibility for workers employed in only very short seasonal jobs. Agricultural employment, heavily seasonal in nature, has been generally excluded from coverage.

Some state UI programs apply special provisions that deal with pregnancy and effects of marital or domestic obligations. About half the states deny unemployment insurance benefits to unemployed women for a specified number of weeks before and after childbirth regardless of their actual ability to work and availability for work. Other states apply the ability-to-work rule on the basis of medical opinions or agency judgments. In some states, women who have been disqualified because of pregnancy are required to have at least a specified amount of subsequent earnings to requalify for entitlement. Some states delay payment of benefits for a number of weeks after the woman has reestablished her ability to work. Fifteen states deny benefits to claimants (in effect, to women) who leave their jobs to get married, to move with a spouse, or to perform marital or domestic obligations. In all cases, the disqualification is for the duration of unemployment; the claimant must requalify with subsequent employment or earnings before becoming eligible for benefits again. These and the pregnancy disqualifications have been successfully challenged in the courts as being discriminatory, and the states have been modifying or eliminating such provisions.[9]

No special provisions apply to young workers, as such. In effect, however, some young people are excluded by coverage exemptions applicable to students who work for schools that they attend or are denied benefits owing to special disqualification provisions applicable to students. Full-time students who have worked are denied benefits since they are not considered available for work. Many states deny benefits to students who have had covered employment, even during periods when they are not in school or are attending only part time.

The benefit rights of unemployed older workers in many states may be affected by special provisions concerning pensions which such workers receive. Except for one state, these provisions do not completely disqualify a pensioner. Instead, they provide that the amount of the

9. Beginning in 1978, federal law prohibits the states from denying benefits solely on the basis of pregnancy.

weekly UI benefit payable be reduced by the amount of the pension, prorated weekly. Most states apply such reductions for pensions received from an employer retirement plan, especially that of a base-period employer. Relatively few states do so for social security pensions.

Two special interstate plans, to which all states must subscribe, cover the UI benefit rights of workers who have employment in more than one state, or who apply for benefits while away from the state in which they worked. One plan permits a claimant who has rights to benefits in one state to file for those benefits in another state. The state in which he is located accepts his claim and acts as an agent for the state that is liable for the benefits claimed. Determinations of eligibility and the amount and duration of benefits are made by the liable state, and benefits payable are mailed to the claimant by that state.

The other plan permits a multistate worker to combine all his wages and employment in claiming his benefit rights; he may also choose, to his best advantage, the state in which he claims benefits. The combined employment and earnings are applied to the UI provisions of the state selected. This enables the claimant to overcome the bar to eligibility caused by insufficient wages and employment if the claim were based on his work in one state alone, or to qualify for higher and longer benefits than would have been possible with only part of his work record.

An agreement between the United States and Canada covers the payment of unemployment insurance benefits to claimants resident in one country who have acquired rights by virtue of insurable employment in the other. Under this agreement, the United States government recommends to each state that it carry out the agreement's provisions, which are similar to those of the first of the interstate plans just described. The Canadian agency and the state agency concerned in the application of the instrument may render service to each other in the processing of claims. All states have such reciprocal arrangements with Canada.

Financing

The federal-state UI system is financed by both federal and state UI taxes or contributions. Except for nonprofit and state and local government employers, all covered employers pay a uniform federal unemployment tax on their *taxable* payrolls, consisting of the first $4,200 paid to each employee in a calendar year. The tax rate specified is 3.2 percent, but it is reduced to 0.5 percent for employers in states with

approved UI laws.[10] Federal unemployment tax proceeds finance all the administrative costs of the system. Remaining proceeds from the tax go to build two reserve funds: one for the federal share of extended benefit costs and the costs of federal supplemental benefits paid in 1975-76; the other for federal loans to states with depleted benefit reserves.

In 49 states UI benefit costs are financed entirely by state UI taxes on employer payrolls; in the 3 remaining states a small contribution may be paid by employees in addition to the employer payroll tax. All UI taxes collected by the states must be deposited in the federal unemployment trust fund, maintained by the federal Treasury, out of which funds are withdrawn by the states, as needed, for benefit disbursements. A separate reserve account is maintained for each state. State reserve balances are invested in federal obligations, and the interest earned is credited to these reserves.

In most states the *standard* UI tax rate for employers is 2.7 percent, applied to their taxable payrolls; in several states the standard rates vary from 2.8 to 4.2 percent. Except for Puerto Rico, however, all states provide for experience rating of employer taxes, and the standard rate applies to newly covered employers until they qualify for an experience-rated tax. In most states, the tax base (taxable payrolls subject to the state tax rates) is the same as that for the federal unemployment tax—the first $4,200 paid to each employee in a calendar year. During 1975, 10 states used higher tax bases ranging from the first $4,800 in wages in 4 states to as high as $10,000 in Alaska. Aggregate taxable payrolls have accounted for only about half of all payrolls of covered employers in recent years.

Under experience-rating systems, the details of which vary among the states, there are several schedules of tax rates that may be assigned to employers depending on the level of the total state reserve fund. Under the most favorable schedules, those affording the lowest rates, the maximum rates specified range among the states from 1.8 to 6.0 percent of taxable payrolls, and the minimum rates range from zero to 1.0 percent. Under the least favorable schedules, the maximum rates range from 2.7 to 6.6 percent, and the minimum rates from zero to 4.3 percent. In some states, under specified conditions, all employers may be required to pay a uniform additional or emergency tax besides the experience-

10. Effective 1977, the net federal unemployment tax is 0.7 percent of taxable payrolls; effective 1978, the taxable wage base is the first $6,000 paid to each employee during the year.

rated tax. The majority of states provide for suspension of experience rating when funds reach very low levels or are depleted. At such times, all employers pay the standard rate. In 1975 the maximum experience-rated employer tax rates assigned ranged between 2.7 and 6.6, and the minimum rates between zero and 3.9. For the nation as a whole in 1975, states tax rates averaged about 2 percent of taxable payrolls or about 0.9 percent of total payrolls.

During the mid-1970's when unusually high unemployment levels prevailed, many states depleted their benefit reserves and had to borrow from the federal loan fund. Arrangements for repayment, after a period of time, include gradual increases each year in the federal unemployment tax on employers in states with outstanding loans. There is no provision for the use of general revenues to add resources for financing benefits or to make up deficits. Funds have been advanced temporarily from the federal Treasury to replenish the exhausted federal loan fund and extended benefit reserves. These advances, however, are to be repaid from the usual sources of UI financing.

Administration and Coordination With Other Programs

The Employment and Training Administration of the United States Department of Labor carries the federal responsibilities for the federal-state unemployment insurance program, except for its financial operations, as well as for the employment service and other manpower program activities. The overall responsibility for the approval of state unemployment insurance laws rests with the Secretary of Labor, who each year must certify that the state programs conform and comply with federal requirements. A state that is not so certified would receive no federal grants to cover administrative costs, and employers in the state would have to pay the full federal unemployment tax. Such an event has never occurred. The federal unemployment taxes on employer payrolls are collected by the Internal Revenue Service of the United States Treasury Department.

The federal unemployment insurance laws require that within each state a state agency be designated and vested with the necessary powers to cooperate with the federal government and to make reports containing such information as the Secretary of Labor may require. All state laws include provisions to meet these requirements and contain a general statement on federal-state cooperation.

Most states have a state advisory council to aid the agency in formulating policies and in dealing with problems relating to the administration of the state employment security laws. At the federal level, there is also an advisory council to assist the Secretary of Labor concerning unemployment insurance policy. The federal and most state advisory councils consist of representatives of employers, labor, and the public.

The state agency responsible for administering unemployment insurance may be an independent board or commission which reports directly to the state governor, or a division of a department of the state government. The agency determines employer liability for coverage, collects the taxes that are due, and maintains appropriate individual employer accounts to record taxes paid and unemployment experience on the basis of which tax rates are assigned. Also, the agency either operates the state employment service or coordinates closely with the agency that does. A network of local claims and employment offices is maintained throughout the state.

Practices vary among the states with respect to method and frequency of filing claims and to manner of payment. In most states claims are filed weekly and in person. Some states have biweekly reporting, and some take claims by mail. Payment is usually by check mailed from the central office of the agency. In general, a claimant for UI benefits is required to register for work at the state employment service, which must certify to the unemployment insurance authority that he has done so, as evidence of his availability for work. Those who are on a very short layoff or who normally obtain their employment through union hiring halls may be excused from registering at the public employment office.

To prevent duplication of unemployment benefits, most state unemployment insurance laws stipulate that a claimant must be denied benefits for any week for which he receives or seeks benefits under any federal or other state unemployment insurance law. Federal programs which provide other forms of compensation to unemployed workers, such as trade readjustment allowances, disaster unemployment assistance, or training allowances, take into account in one way or another any eligibility the recipient may have for UI benefits. Trade readjustment allowances, which are generally higher than UI benefits, may not be awarded and paid until sometime after unemployment begins; the worker, therefore, is likely to draw UI benefits in the meantime. If the worker is awarded readjustment allowances, the allowances are paid to him retroactively to the beginning of his

unemployment, and the amount of UI benefits he has drawn is deducted; the state is in turn reimbursed by the federal government for UI benefits paid. Disaster unemployment assistance is paid at the same rate as the UI benefit amount for which the recipient would qualify in the state, or the average UI benefit amount paid in the state, if higher; UI benefits received by the recipient for weeks covered by disaster assistance are deducted from the assistance payments. A trainee eligible for UI benefits draws those instead of training allowances; however, a partial allowance may be paid if the UI benefit amount is less than the minimum wage.

Unemployment insurance is administered independently of all other public insurance or assistance programs except for temporary disability insurance in a few states. Only five states and Puerto Rico provide cash benefits for temporary sickness or disability, and care is taken to avoid duplication of sickness and unemployment insurance benefits in the same week. In all but one of these states the same agency is responsible for both kinds of benefits so that coordination of benefits can readily be attained.

With regard to other insurance benefits, there are no special measures taken to coordinate them with UI benefits. Any problems arising from considerations of the propriety of concurrent receipt of UI and other benefits are resolved from the unemployment insurance point of view by deciding whether or not receipt of other benefits should disqualify a claimant from receiving UI benefits. Most states take no account of the claimant's receipt of social security benefits, while about half the states do consider receipt of workers' compensation. Only one state disqualifies a claimant completely if he receives social security, while nine states do so if he receives workers' compensation. The remaining states which do take account of these benefits reduce the UI benefits by the amount of the other benefits received. Apart from these provisions, the receipt of other benefits may serve in any state to raise questions about the claimant's ability to work or his availability, possibly leading to disqualification on these grounds.

Promoting Reemployment

The Employment and Training Administration of the Department of Labor is responsible, at the federal level, for the United States Employment Service, which assists the various states in establishing and maintaining a system of local public employment offices. Federal law requires each state to have its own employment or manpower service, and these services are affiliated with the United States Employment Service.

The employment services are responsible for providing job search assistance, vocational guidance, and placement services to all individuals who apply, including the insured unemployed. To the extent that employment services are provided for the insured unemployed, they are financed by federal grants from the proceeds of the federal unemployment tax on employer payrolls. Remaining costs are covered by federal grants out of general revenues.

Since the early 1960's the employment service has pursued a policy of increasing disengagement from the unemployment insurance program, the theory being that close association with unemployment insurance interferes with the ability of the employment service to function as an effective manpower agency. Wherever feasible, the employment service office and staff were completely separated from the unemployment insurance operation.

At the same time, the state employment services enlarged the scope of their activities under the stimulus of new federal manpower development, training, and antipoverty programs. An earlier stress on helping dislocated workers adjust to the obsolescence of their skills caused by technological change soon gave way to priorities established for the most disadvantaged members of society—the very poor, the least skilled and the least educated, and those whose working capabilities appeared to be minimal or nonexistent. The underlying rationale was that through training they would become employable and there would be jobs to absorb them. Hundreds of thousands of individuals were placed in programs of training or subsidized work experience. Training allowances and other forms of support were available for those who needed them. Eligibility rules for participation and for the allowances were designed to concentrate these programs on those groups which, for various reasons, had been largely bypassed by the prosperous mainstream of society. There was special emphasis on unemployed youths, blacks, and ethnic minorities—the traditional victims of discrimination. Recognizing that training does not always lead to employment, because of a lack of jobs, and that not all the unemployed could or should be retrained, the federal government provided funds to state and local governments to establish temporary public service jobs for the unemployed, adding another important component to the complex of manpower programs.

Thus, during the last dozen or so years, a great variety of programs proliferated to combat unemployment, dependency, and poverty. They

have been funded almost entirely by the federal government and, until more recent years, they have been directed by federal manpower and antipoverty agencies, through the state employment services and other state and local bodies. Few UI claimants benefited from these programs since only a small proportion was among the most disadvantaged and therefore eligible to participate. Indeed, until 1970 claimants in about half the states were denied benefits on the grounds of nonavailability for work if they entered training. The federal law was amended that year to prohibit states from imposing such disqualifications. In two states claimants who are participating in approved vocational training may be entitled to UI benefits for periods longer than the regular duration payable.

Because of the confusion caused by so many types of programs and the difficulties in trying to administer them all from Washington through state and local agencies, the system was changed by the Comprehensive Employment and Training Act (CETA) of 1973. The federal government now provides manpower *revenue-sharing* grants to the states and to local communities, allowing them wide discretion in allocating the funds among the various kinds of manpower services and programs as they see fit.

APPENDIX B

INTERNATIONAL PROMOTION OF UNEMPLOYMENT INSURANCE PROGRAMS

Two international organizations, the International Labor Organization (ILO) and the International Social Security Association (ISSA), are concerned with the promotion and improvement of social security throughout the world, including unemployment benefits. The ILO comprises over 100 member countries. Its functions are to study and call attention to the problems of workers throughout the world, to develop plans and procedures by which member countries may work to reduce or overcome these problems, and to set labor and social welfare standards.

The ISSA comprises government departments, central institutions, and national federations of institutions which administer social security or one of its branches; also included are quasi-public bodies and nonpublic organizations, such as mutual benefit societies. There are over 300 affiliated or associated members. The ISSA provides to its members a medium for exchanging technical knowledge and advice concerning social security and for focusing expert attention on specific problems in this field. There is close cooperation between the ILO and the ISSA.

International Labor Organization

The ILO, founded in 1919, is the sole survivor of the intergovernmental bodies established in association with the League of Nations at the end of World War I. It became the first specialized instrument of the United Nations at the end of World War II. The ILO has its headquarters in Geneva, Switzerland, and consists of a General Conference of representatives of the member countries, a Governing Body, and an International Labor Office controlled by the Governing Body. The General Conference meets annually; its delegates represent not only national governments but workers and employers as well. The Governing Body is the executive arm of the ILO. It comprises 56 members: 28 appointed to represent the governments of highly industrialized countries, 14 to represent employers, and 14 to represent workers. The International Labor Office provides the permanent staff and continuing operations of the ILO.

One of the main functions of the ILO is to set labor standards. Its activities also include the preparation of studies, the dissemination of information, and the provision of technical assistance to developing countries and, in some cases, to other international bodies. It constantly reviews developments in the labor and social welfare fields.

The International Labor Office publishes the monthly *International Labor Review*, which contains articles on questions of international interest relating to conditions of work and life in both industrialized and developing countries, and the quarterly *Official Bulletin*, with information on meetings and official documents of the ILO. It also publishes the texts of the main labor and social legislation adopted in different parts of the world and a yearbook and quarterly bulletin of labor statistics, providing continuing information on the economically active population, employment and unemployment, etc., in member countries. The nonperiodical publications of the International Labor Office include international studies, surveys, and symposia on a great variety of questions that are of concern to member countries of the ILO.

The Constitution of the ILO contains in an annex the Declaration concerning its aims and purposes, which was adopted by the General Conference in Philadelphia in 1944. The Declaration expresses the obligation of the ILO to promote among all nations programs to achieve certain specified objectives with regard to labor and social welfare. Among these programs, some are aimed at full employment and rising standards of living; others, at the extension of social security measures to provide a basic income to all who need such protection.

The Setting of Standards

ILO standards are adopted by the General Conference after considerable discussion of reports prepared by the International Labor Office which take account of existing law and practice regarding labor and social welfare and of the views expressed by governments in answer to questionnaires. When the Conference adopts standards, it decides whether these should take the form of a *recommendation* or a *convention*. A recommendation serves as a guide to national action. It carries less force than a convention and is the form used if the subject is not at the time considered suitable or appropriate for a convention. Each member country considers ratification of conventions adopted by the Conference and has certain specified obligations to report on the actions taken.

A member country which ratifies a convention is bound under the ILO Constitution to apply it, and it agrees to make periodical reports on the measures taken to give effect to the convention's provisions. The ILO relies strongly on the careful examination of these reports to ensure effective application of the conventions. In addition, employers' and workers' associations may inform the Governing Body of the ILO about the failure of any of the member countries "to secure in any respect the effective observance within its jurisdiction of any Convention to which it is a party."[1]

The ILO Constitution deals with the situation of a federal form of government, as in the United States and the Federal Republic of Germany. It encourages the widest application of recommended standards within such countries "in a manner compatible with the constitutional arrangements and traditions of the various federal countries, and without prejudicing the internal constitutional evolution of the different countries."[2] Where action on ILO standards is the responsibility of constituent jurisdictions (states, provinces, cantons) rather than the federal government of the country, the federal government is obligated to refer the standards to the concerned authorities and to consult with them with a view to promoting coordinated action to give full effect to the standards.

The influence of an ILO convention is frequently evident in the legislation enacted by countries which have not yet ratified the instrument. Thus, a convention is a standard-defining, as well as an obligation-creating instrument. It must be noted, however, that ILO standards represent *minimum* guidelines. The Constitution of the ILO specifically guards against interpreting the adoption of any standard by the Conference as an excuse for a country to reduce or weaken its practices or provisions which ensure more favorable conditions to its workers than those provided by ILO standards.

Development of Unemployment Benefit Standards

In the very first year of the ILO's existence, the General Conference adopted the Unemployment Recommendation of 1919 (No. 2) in which it indicated the desirability of unemployment insurance. The General

1. *Constitution of the International Labor Organization and Standing Orders of the International Labor Conference*, With Amendments up to 1975, Art. 24.

2. International Labor Office, *International Labor Code*, 1951, Vol. 1 (Geneva, 1952), Preface, pp. lxxix-lxxxi.

Conference considered proposals for standards on unemployment insurance and unemployment assistance in 1934 and adopted the Unemployment Provision Convention (No. 44) that year as well as a recommendation concerning unemployment insurance and various forms of relief for the unemployed. The Convention required ratifying countries to maintain a compulsory or voluntary unemployment insurance scheme, a combination of such schemes, or any of these alternatives combined with complementary unemployment assistance, apart from ordinary general relief measures. The Convention set forth minimum standards concerning the scope of such a system, the qualifying conditions for benefits and their duration, and related provisions.

Anticipating the social problems that might arise in the last period of World War II and in the postwar period, the ILO's Governing Body included social security among the items to be discussed at the 1944 meeting of the General Conference. The General Conference adopted the Income Security Recommendation of 1944 (No. 67), which urged that benefits be provided by a unified social insurance system covering all the contingencies, including unemployment, in which an insured person is prevented from earning his living. The Recommendation also specified that the amount of the benefits should, as a rule, be related to previous earnings.

Taking account of the rapid expansion of the social security movement in the postwar period, the General Conference considered this subject again in 1951 and in 1952, and then adopted the Social Security (Minimum Standards) Convention, 1952 (No. 102). Convention No. 102 covers nine branches of social security.[3] In order to ratify this Convention, a member country must agree to comply with the standards prescribed for at least three of the nine branches covered, including at least one of the following: unemployment, old age, employment injury, invalidity, and survivors' benefits.[4] As of 1975, 23 countries had ratified the Convention, but only 11 of these, all of which are in Europe,[5] ratified

3. Medical care, sickness, unemployment, old-age, employment injury, family allowances, maternity, invalidity, and survivors' benefits.

4. This requirement is intended to ensure that the obligations resulting from the minimum choice of covered contingencies to be subject to the standards are reasonably equivalent among the member countries which ratify the Convention.

5. Belgium, Denmark, Germany (F.R.), Greece, Ireland, Luxembourg, the Netherlands, Norway, Sweden, the United Kingdom, and Yugoslavia.

with respect to the unemployment benefit branch. Convention No. 102 specifies that it shall not be regarded as revising any existing convention. Neither the United States nor Canada has ratified Convention No. 102, and there would appear to be difficulties in their meeting the standards required for at least some of the branches of social security.

By the end of the 1950's it was apparent that there was little interest in the ratification of any of the prewar social insurance conventions, including the Unemployment Provision Convention, 1934 (No. 44). This situation seemed to be due to the detailed and restrictive nature of some of the provisions and, in particular, to the failure of the conventions to fix international standards concerning the level of benefits. Consequently, the prewar social insurance conventions are being revised in successive stages. New conventions have already been adopted for employment injury, invalidity, old-age, survivors', and sickness benefits. Like the Social Security Convention No. 102, the new conventions fix the scope of protection in statistical terms and require minimum standards of adequacy for the benefit amounts. Some of the new standards are higher than those required by the corresponding branch of Convention No. 102. However, each new instrument makes it possible for a country to ratify with respect to a single branch of social security whereas Convention No. 102 requires ratification with respect to at least three branches. If a country ratifies a new convention corresponding to a prewar convention which it had previously ratified, its prior ratification is denounced when the new convention comes into force. The new convention, however, does not preclude the further ratification of the earlier convention by other countries.

In planning the revision of the prewar social insurance instruments, it was suggested that the 1934 Convention (No. 44) relating to unemployment benefits be revised in the last stage (1976-1981), and provision has been made for such action in that period. A paper issued by the Governing Body on the agenda of the 1976 session of the General Conference noted that the 1934 Unemployment Provision Convention (No. 44) is not suited to present conditions in member countries. It stated that the minimum standards on unemployment benefits of the 1952 Social Security Convention (No. 102) could usefully be supplemented by an instrument initially taking the form of a comprehensive recommendation which would be "directly responsive to the most recent developments of social security policy and would address itself

constructively to the objectives and solutions that can realistically be attained in both industrialized and developing countries."[6]

ILO proposals call for taking account of the characteristics of unemployment and of financial, technical, and administrative capabilities as these differ between industrialized and developing countries so that international standards may be suited to the respective needs of these two groups of member countries. It is pointed out that in developing countries the contingency of unemployment has a different connotation from that in industrialized countries. Moreover, developing countries will in the future undoubtedly turn to the ILO for guidance on how to deal with unemployment benefits within a context in which traditional unemployment insurance is a priori not applicable. Meantime, in industrialized countries unemployment compensation is taking new forms and is being supplemented by measures to promote employment, notably measures to increase geographic and occupational mobility. There appears to be a need for some international initiative to stimulate this process of change according to common objectives.

Unemployment Benefit Standards of Social Security Convention, 1952 (No. 102)

The unemployment benefit branch of Convention No. 102 specifies minimum standards applicable for unemployment insurance and unemployment assistance schemes. Countries which ratify the Convention with respect to this branch agree to ensure that their schemes meet or exceed these standards.

With regard to coverage, a UI scheme must cover prescribed classes of employees constituting at least 50 percent of all workers employed by others. Alternatively, if the ratifying country's economy is insufficiently developed to meet this standard, its UI scheme should cover at least half of all workers in industrial workplaces which employ 20 or more persons. If benefits are provided by an unemployment assistance scheme, it should cover all resident members of the country's labor force whose means, during unemployment, are below prescribed limits.

No quantitative standard is specified regarding qualifying employment or contribution requirements. The Convention simply specifies that in the event of unemployment, benefits shall be available to a covered

6. International Labor Office, *Governing Body Paper*, GB. 193/2/3 (Geneva, May-June 1974), p. 5.

worker who has completed at least such a qualifying period of employment or contributions as may be considered necessary to preclude abuse.

A noncompensated waiting period of not more than 7 days of unemployment may be imposed in each period of unemployment. The duration of benefits payable in the case of UI schemes may be limited to 13 weeks within a period of 12 months, and for unemployment assistance schemes, to 26 weeks in 12 months. Where the duration of benefits varies with the extent of prior employment or contributions, the above-mentioned standard concerning UI duration is deemed to be fulfilled if the *average* benefit duration allowed is at least 13 weeks within a period of 12 months. In the case of seasonal workers the provisions concerning the duration of benefits and the waiting period may be adapted to their conditions of employment.

Convention No. 102 fixes a minimum standard of adequacy for cash unemployment benefits which it relates to the *presumed* need of the beneficiary. The standard is expressed in a form which takes account of the fact that benefit rates may be computed on the basis of the recipient's previous wages or may be fixed at a flat rate. The standard applies regardless of whether the scheme represents a social insurance or assistance (means-tested) approach. In all cases, the benefit rate must equal at least 45 percent of the previous wage earned by a *standard* beneficiary up to a maximum determined by a ceiling on wages reckoned for benefit purposes. A *standard* beneficiary is defined as a man with a wife and two children. The wage-ceiling standard specified for a wage-related benefit rate is different from that for a flat-rate benefit. For a wage-related benefit scheme, the ceiling on earnings reckoned for benefit purposes may be no less than the wage of a manual male employee deemed to be typical of skilled labor, as defined. Thus, for the wage-related scheme, the minimum benefit standard requires that the benefit amount, including any dependents' supplements for the wife and children, plus any family allowances payable to the standard beneficiary, be equal to at least 45 percent of his previous wage, plus family allowances, at wage levels up to the wage ceiling determined as prescribed by the Convention. For flat-rate benefit schemes, the benefit payable to the standard beneficiary, including dependents' supplements and family allowances, must equal at least 45 percent of the wage typical for unskilled male labor, as defined, plus family allowances. Benefit rates payable to beneficiaries with different family responsibilities must bear a reasonable relation to the rate payable to the standard beneficiary.

Countries which ratify Convention No. 102 undertake to comply with provisions of a general nature, which are common to all branches, concerning the right of appeal, administration, and financing. The right of appeal is to be guaranteed in case of denial of benefits or of complaint as to their quality or quantity. If, however, a claim is settled by a special tribunal established to deal with social security questions and on which the persons protected are represented, no right of appeal need be required. The cost of the benefits and of their administration is to be borne collectively in a manner which will avoid hardship to persons of small means. Where the benefits are provided on a social insurance basis, the total of the insurance contributions borne by the employees protected as a group is not to exceed 50 percent of the total financing arranged for their protection.

International Social Security Association

The ISSA was founded in Brussels in 1927 as the International Conference of Sickness Insurance Funds and National Unions of Mutual Benefit Societies. The organization was later known as the International Social Insurance Conference. The present name has been in use since 1947.

The ISSA is an autonomous organization with headquarters in Geneva. Its members are government departments, central institutions, national federations of institutions administering social security or one of its branches, and mutual benefit systems. By 1975 the Association had 238 member organizations spread over 104 countries. It also had 86 associate member organizations which collaborate with it in certain technical fields of common interest. The declared aim of the ISSA is "to cooperate, at the international level, in protecting, promoting and developing social security throughout the world."[7]

The ISSA has a General Assembly, composed of up to five delegates from each member organization, which ordinarily meets every 3 years. A Council, consisting of one delegate from each country, meets immediately before and after each General Assembly under the chairmanship of the President of the Assembly. The Council is responsible for ensuring that decisions of the General Assembly are put into effect. It fixes the agenda and meeting places of the Assembly and of regional meetings. The Council elects a Bureau which meets annually.

7. *International Social Security Review*, 1975, No. 4, inside cover.

The Bureau is the cabinet of the Association. It is responsible for decisions on administrative and financial questions and for making recommendations to the Council.

Most of the activity of the ISSA is carried on in its 10 permanent committees. These are established by the Council for particular branches of social security or for certain technical aspects (e.g., actuarial, statistical, and legal matters) common to various social security branches. The Permanent Committee on Unemployment Insurance and Employment Maintenance has prepared reports on the financial and administrative aspects of this branch of social security. There are also regional committees to meet the particular needs of Africa, the Americas, and Asia.

The ISSA organizes international technical meetings of various kinds, round table discussions, and seminars on social security. It conducts research and investigations into social security questions. ISSA members exchange information, compare experience, and render each other technical assistance. The Association publishes technical reports on various problems of social security after these reports are adopted by its General Assembly. In addition to a variety of periodical publications, including the quarterly *International Social Security Review,* the quarterly *World Bibliography of Social Security,* and the semiannual *Social Security Abstracts,* it publishes and distributes various materials describing practices and experience of social security programs.

The ISSA collaborates with other international organizations in the field of social security and cooperates with the International Labor Office, which furnishes it with secretarial services. The ISSA has two representatives on the ILO Committee of Social Security Experts.

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218

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